

ANNUAL BUDGET OF

POLOKWANE MUNICIPALITY



2013/14 TO 2015/16

MEDIUM TERM REVENUE AND

EXPENDITURE FORECASTS

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Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	M	Mayor
BPC	Budget Planning Committee	MBRR	Municipal Budget & Reporting Regulations
CFO	Chief Financial Officer	MEC	Member of the Executive Committee
CM	Municipality Manager	MFMA	Municipal Financial Management Act
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National Electricity Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental Organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GDP	Gross Domestic Product	OP	Operational Plan
GDS	Gauteng Growth and Development Strategy	PBO	Public Benefit Organisations
GFS	Government Financial Statistics	PHC	Provincial Health Care
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
HSRC	Human Science Research Council	PPP	Public Private Partnership
IDP	Integrated Development Plan	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kℓ	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SAPS	South African Police Service
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget
kWh	kilowatt hour		Implementation Plan
ℓ	litre	SMME	Small Micro and Medium Enterprises
LED	Local Economic Development		

Part 1 – Annual Budget

1.1 Mayor's Report

SPEECH BY THE EXECUTIVE MAYOR OF POLOKWANE MUNICIPALITY

CLLR F. GREAVER PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF THE CONSIDERATION OF THE APPROVAL OF THE 2013/2014, 2014/2015, 2015/2016 BUDGET IN THE COUNCIL CHAMBERS, POLOKWANE,

ON THURSDAY 30 MAY 2013

1.2 Council Resolutions

On 30 May 2013 the Council of Polokwane Municipality Local Municipality met in the Council Chambers of Polokwane Municipality to consider the annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

- 1.1.1. That the Annual Budget of the Municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables be approved and adopted:
- 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2 on page 24;
- 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3 on page 26;
- 1.1.4. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4 on page 28; and
- 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5 on page 30.
2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 2.1 Budgeted Financial Position as contained in Table A6 on page 32;
 - 2.2 Budgeted Cash Flows as contained in Table A7 on page 34;
 - 2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table A8 on page 35;
 - 2.4 Asset management as contained in Table A9 on page 36; and
 - 2.5 Basic service delivery measurement as contained in Table A10 on page 38.
3. The Council of Polokwane Municipality, acting in terms of section 75A of the Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 3.1 the tariffs for property rates – as set out in Annexure A,
 - 3.2 the tariffs for electricity – as set out in Annexure A
 - 3.3 the tariffs for the supply of water – as set out in Annexure A
 - 3.4 the tariffs for sanitation services – as set out in Annexure A

3.5 the tariffs for solid waste services – as set out in Annexure A

- 4 The Council of Polokwane Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in Annexure A.
- 5 That the following budget related policies be approved and adopted:
 - Borrowing Policy
 - Petty Cash Policy
 - Budget Policy
 - Funding and Reserves Policy
 - Indigent Policy
 - Cash Management & Investment Policy
 - Supply Chain Management Policy
 - Credit Control & Debt Collection Policy
 - Tariff Policy
 - Rates Policy
 - Subsistence & Travel Policy
 - Leave Policy
 - Virement Policy
 - Asset Management Policy

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circulars No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads, electricity and water infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;

- The increased cost of bulk electricity and water, which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced to grant funded projects and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2013/14 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity and water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

R thousand	Adjustments Budget 2012/2013	Budget Year 2013/2014	Budget Year + 1 2014/2015	Budget Year + 2 2015/2016
Total Operating Revenue	1,932,059	1,969,533	2,062,342	2,249,750
Total Operating Expenditure	1,785,959	1,944,707	2,001,145	2,124,082
Surplus/(Deficit) for the year	146,100	24,826	61,197	125,668
Total Capital Expenditure	533,804	504,007	363,785	460,170

Total operating revenue has increased by 1.93 per cent or R37.5 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 4.7 and 9.1 per cent respectively, equating to a total revenue growth of R317.7 million over the MTREF when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R1.94 billion and translates into a budgeted surplus of R24.8 million. When compared to the 2012/13 Adjustments Budget, operational expenditure has increased by 8.9 per cent in the 2013/14 budget and increased by 2.9 and 6.1 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years is R61.2 and R125.7 million respectively.

These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R504 million for 2013/14 is 5.6 per cent less when compared to the 2012/13 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances. The capital programme decreases to R363.8 million in the 2014/15 financial year and then increases to R460.1 million in 2015/16.

1.4 Operating Revenue Framework

For Polokwane Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to electricity;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Revenue By Source										
Property rates	173 595	209 500	229 423	248 982	253 982	253 982	253 982	279 863	294 136	308 549
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	369 140	415 805	556 892	609 206	650 206	650 206	650 206	699 341	769 189	846 014
Service charges - water revenue	116 277	123 973	165 503	230 544	248 544	248 544	248 544	268 788	287 769	307 516
Service charges - sanitation revenue	34 322	44 082	39 311	63 239	66 239	64 281	64 281	67 116	70 539	73 996
Service charges - refuse revenue	38 556	42 523	46 795	44 589	50 589	50 589	50 589	56 456	60 451	64 609
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	5 655	3 620	5 102	17 071	17 071	10 442	10 442	17 566	18 461	19 366
Interest earned - external investments	32 236	3 000	24 554	8 677	8 677	8 677	8 677	12 500	12 500	12 500
Interest earned - outstanding debtors	17 101	19 066	17 678	25 000	25 000	25 000	25 000	18 000	18 000	18 000
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	2 831	4 774	4 497	5 689	5 689	5 656	5 656	6 087	6 399	6 714
Licences and permits	8 034	8 385	8 234	7 961	7 961	7 961	7 961	8 516	8 951	9 389
Agency services	9 769	12 000	13 827	14 000	14 000	14 000	14 000	14 770	15 523	16 284
Transfers recognised - operational	270 961	357 269	374 703	402 905	491 331	404 405	404 405	486 936	467 302	531 170
Other revenue	40 550	30 918	68 781	89 569	92 570	71 180	71 180	33 392	32 911	35 423
Gains on disposal of PPE	2 493	20	246	200	200	200	200	200	210	220
Total Revenue (excluding capital transfers and contributions)	1 121 520	1 274 935	1 555 548	1 767 633	1 932 059	1 815 124	1 815 124	1 969 533	2 062 342	2 249 750

Table 3 Percentage growth in revenue by main revenue source

Description	2013/14 Medium Term Revenue & Expenditure Framework					
R thousand	2013/14	%	2014/15	%	2015/16	%
Revenue By Source						
Property Rates	279,863	14.2%	294,136	14.3%	308,549	13.7%
Penalties Imposed	-	0.0%	-	0.0%	-	0.0%
User Charges for Services	1,091,701	55.4%	1,187,948	57.6%	1,292,135	57.4%
Rent of Facilities & Equipment	17,566	0.9%	18,461	0.9%	19,366	0.9%
Interest Earned- External Investments	12,500	0.6%	12,500	0.6%	12,500	0.6%
Interest Earned- Outstanding Debtors	18,000	0.9%	18,000	0.9%	18,000	0.8%
Fines	6,087	0.3%	6,399	0.3%	6,714	0.3%
Licences & Permits	8,516	0.4%	8,951	0.4%	9,389	0.4%
Agency Services	14,770	0.7%	15,523	0.8%	16,284	0.7%
Operating Grants & Subsidies	486,936	24.7%	467,302	22.7%	531,170	23.6%
Other Income	33,592	1.7%	33,121	1.6%	35,643	1.6%
NET OPERATING INCOME	1,969,533	100.0%	2,062,342	100.0%	2,249,750	100.0%
Total Revenue from Rates & Services	1,371,564	69.6%	1,482,084	71.9%	1,600,684	71.1%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than

two thirds of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totalled R1.269 billion or 65.7 per cent. This increases to R1.371 billion, R1.482 billion and R1.6 billion in the respective financial years of the MTREF. This growth can be mainly attributed to the supplementary valuation rolls and the increased share that the sale of electricity and water contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity and bulk water. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 59 MBRR SA1.

Operating Grants & Subsidies are the second largest revenue source totalling 24.7 per cent in 2013/14 and decreases at 23.6 per cent in 2015/16. Property rates are the third largest revenue source totalling 14.2 per cent or R279.8 million rand and increases to R308.5 million by 2015/16. Departments have been urged to review the tariffs of items like building plan fees, connection fees, advertisements and permits and licenses on an annual basis to ensure they are cost reflective and market related. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description R thousand	Medium Term Revenue & Expenditure Framework		
	2013/14	2014/15	2015/16
Receipts:			
<u>Operating Transfers & Grants</u>			
National Government:	480,836	467,302	531,170
Financial Management Grant	1,650	1,800	1,950
Municipal Systems Improvement Grant	890	930	967
Expanded Public Works Programme	4,614	-	-
Local Government Equitable Share	415,990	454,995	518,016
Infrastructure Skills Development Fund	3,200	4,240	4,494
Municipal Infrastructure Grant (Salaries)	5,188	5,337	5,743
Department of Sport & Recreation	30,000	-	-
Public Transport	19,304		
Provincial Government:	-	-	-
Primary Health Care	-	-	-
Museum Subsidy	-	-	-
Provincialisation of Libraries	-	-	-
Total Operating Transfers & Grants	480,836	467,302	531,170

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all

increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circulars No. 66 and 67 deals, inter alia, with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further maximum R85 000 reduction on the market value of a property will be granted to all properties with a valuation of R100 000 or less in terms of the Municipality's own Property Rates Policy;
- Rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, a rebate of 40 percent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and also proof of the annual income from a social pension;

- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2013/4 financial year based on a 8 percent increase from 1 July 2013 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2012/13 financial year

Category	Current Tariffs (1 July 2012)	Proposed Tariffs (from 1 July 2013)
	c	c
Residential	.004760	.005141
State Owned Properties	.008200	.008856
Business & Commercial	.008200	.008856
Agricultural	.003275	.003537
Vacant Land	.022791	.024614
Municipal	Exempted	Exempted
Industrial	.008200	.008856
Public Benefit Organisations	.008200	.008856

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Lepelle Water has increased its bulk tariffs with 5.5 per cent from 1 July 2013.

A tariff increase of 7 per cent from 1 July 2013 for water is proposed. This is based on input cost assumptions of 5.5 per cent increase in the cost of bulk water (Lepelle Water). In addition 6 kℓ water per 30-day period will again be granted free of charge to indigents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Comparison between current water tariffs and increases

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
For the first 5Kl; per Kl:	R4.84	R5.18
For the following 10Kl; per Kl:	R7.32	R7.83
For the following 15Kl; per Kl:	R7.91	R8.46
For the following 20Kl; per Kl:	R10.44	R11.17
For the following 50Kl; per Kl:	R12.63	R13.51
Thereafter, for consumption in excess of 100Kl, per Kl:	R15.28	R16.35
NON-RESIDENTIAL		
For the first 30Kl; per Kl:	R10.44	R11.17
For the following 20Kl; per Kl:	R14.04	R15.02
For the following 50Kl; per Kl:	R15.99	R17.11
For the following 19 900Kl; per Kl:	R17.40	R18.62
Thereafter for consumption in excess of 20 000Kl, per Kl	R13.33	R14.26

The tariff structure of the 2013/14 financial year has been changed. The tariff structure is designed to charge higher levels of consumption a higher rate.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff for high consumers had to be increased by 7 per cent to offset the additional bulk purchase cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 7 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current Tariffs Payable	Proposed Tariffs Payable	Percentage Increase
1- 50 kWh	63.4c/kWh	67c/kWh	5.68%
51-350 kWh	103.5c/kWh	82c/kWh	-20.77%
351-600 kWh	103.5c/kWh	111c/kWh	7.25%
601kWh and above	103.5c/kWh	133c/kWh	28.50%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). This Municipality has already implemented the stepped tariff structure but brought in an additional block and will continue with this practice in 2013/14.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. As part of the 2013/14 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 7 per cent for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the surface area of the erf as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R59 million for the 2013/14 financial year.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

Category		Approved tariff from 1/07/2012	Proposed tariff from 1/07/2013
		Per calendar month or part thereof	Per calendar month or part thereof
(1)	AVAILABILITY CHARGES		
	(i) Improved residential erven with a surface area not exceeding 500m ²	No charge	No charge
(2)	ALL OTHER ERVEN		
	(i) For the first 500m ² or part thereof, of surface area of the erf:	R31.20	R33.38
	(ii) Thereafter, per 500m ² or part thereof, up to 2 000m ² of the surface area of the erf:	R10.35	R11.07
	(iii) Thereafter, per 1 000m ² or part thereof, of the surface area of the erf:	R8.25	R8.83
	(iv) Additional charge per unimproved erf:	R11.93	R12.77
	(v) Maximum charge (887 000m ²):	R7 363.50	R7 881.14

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 7 per cent increase in the waste removal tariff is proposed from 1 July 2013. Higher increases will not be viable in 2013/14 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 7 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 9 Comparison between current waste removal fees and increases

Category			Approved tariff from 1/07/2012	Proposed tariff from 1/07/2013
			Per calendar month or part thereof	Per calendar month or part thereof
1.	(i)	Dwelling houses, churches and church halls which are used for that purpose		
		And		
	(ii)	Improved premises used exclusively by and registered in the name of the Boy Scouts, Girl Guides, Voortrekkers or a similar organisation		
		PER UNIT		
		(a) On an erf with a surface area not exceeding 500m ²	R26.15	R27.98
		(b) All erven with a surface area in excess of 500m ² :		
		(i) For the first 500m ² of the surface area of the erf	R42.00	R44.94
		(ii) Thereafter, for the following 500m ² or part thereof, of the surface area of the erf	R28.00	R29.96
		(iii) Thereafter, per 500m ² or part thereof, of the surface area of the erf	R14.00	R14.98
		Provided that where more than one dwelling-unit is erected on an erf, the area of such erf shall be divided by the number of dwelling-units thereon, and the charge, for each portion so obtained, shall be		

		calculated in terms of the above formula as if such portion constitutes a separate erf.		
		(iv) Maximum charge (11 000m ²)	R210.00	R374.50

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 7.1 and 7.2 per cent, with the increase for indigent households closer to 7.0 per cent. Electricity increases however impacts on the total household bill.

Table 10 MBRR Table SA14 – Household bills

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Rand/cent							% incr.			
'Middle Income Range'										
Rates and services charges:										
Property rates	310.95	329.60	349.38	370.34	370.34	370.34	8.0%	399.97	420.37	440.97
Electricity: Basic levy										
Electricity: Consumption	629.92	749.60	899.52	998.19	998.19	998.19	7.0%	1,068.06	1,122.53	1,177.53
Water: Basic levy										
Water: Consumption	161.08	170.74	183.55	216.59	216.59	216.59	7.0%	231.75	243.57	255.50
Sanitation	44.69	47.37	50.21	53.47	53.47	53.47	7.0%	57.21	60.13	63.08
Refuse removal	56.65	60.04	63.64	70.00	70.00	70.00	7.0%	74.90	78.72	82.58
Other										
sub-total	1,203.29	1,357.35	1,546.30	1,708.59	1,708.59	1,708.59	7.2%	1,831.89	1,925.32	2,019.66
VAT on Services	124.93	143.88	167.57	187.36	187.36	187.36		200.47	210.69	221.02
Total large household bill:	1,328.22	1,501.23	1,713.87	1,895.95	1,895.95	1,895.95	7.2%	2,032.36	2,136.01	2,240.68
% increase/-decrease		13.0%	14.2%	10.6%	-	-		7.2%	5.1%	4.9%
Monthly Account for Household -										
Rates and services charges:										
Property rates	70.67	74.91	79.40	84.16	84.16	84.16	8.0%	90.89	95.53	100.21
Electricity: Basic levy										
Electricity: Consumption	301.63	358.93	430.72	478.23	478.23	478.23	7.0%	511.71	537.81	564.16
Water: Basic levy										
Water: Consumption	131.53	139.42	149.88	176.86	176.86	176.86	7.0%	189.24	198.89	208.64
Sanitation	9.96	9.96	10.56	11.25	11.25	11.25	7.0%	11.87	12.48	13.09
Refuse removal	21.13	22.39	23.73	26.10	26.10	26.10	7.0%	27.93	29.35	30.79
Other										
sub-total	534.92	605.61	694.29	776.60	776.60	776.60	7.1%	831.64	874.06	916.89
VAT on Services	65.00	74.29	86.08	96.94	96.94	96.94		103.71	108.99	114.34
Total small household bill:	599.92	679.90	780.37	873.54	873.54	873.54	7.1%	935.35	983.05	1,031.23
% increase/-decrease		13.3%	14.8%	11.9%	-	-		7.1%	5.1%	4.9%
Monthly Account for Household -										
'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	17.84	18.91	20.04	21.24	21.24	21.24	8.0%	22.94	24.11	25.29
Electricity: Basic levy										
Electricity: Consumption	282.26	335.88	403.06	447.52	447.52	447.52	7.0%	478.85	503.27	527.93
Water: Basic levy										
Water: Consumption	113.43	120.23	129.25	152.52	152.52	152.52	7.0%	163.20	171.52	179.92
Sanitation										
Refuse removal										
Other										
sub-total	413.53	475.02	552.35	621.28	621.28	621.28	7.0%	664.99	698.90	733.14
VAT on Services	55.39	63.85	74.52	84.00	84.00	84.00		89.89	94.47	99.10
Total small household bill:	468.92	538.87	626.87	705.28	705.28	705.28	7.0%	754.88	793.37	832.24
% increase/-decrease		14.9%	16.3%	12.5%	-	-		7.0%	5.1%	4.9%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Expenditure By Type									
Employee related costs	310 314	347 526	384 940	435 903	399 795	396 195	448 000	476 776	507 766
Remuneration of councillors	15 110	18 447	17 678	21 467	21 467	19 236	23 684	25 224	26 864
Debt impairment	(2 392)	6 700	38 192	40 000	40 000	40 000	40 000	50 000	55 000
Depreciation & asset impairment	107 768	112 694	231 254	186 997	276 000	275 968	232 700	244 568	256 552
Finance charges	23 627	5 800	29 427	31 486	31 486	31 486	27 155	23 747	21 158
Bulk purchases	314 831	415 588	518 797	580 282	587 546	587 546	658 000	707 000	760 000
Other materials	87 447	90 904	96 881	111 806	116 702	112 916	124 975	126 499	132 697
Contracted services	40 348	56 302	74 263	52 005	64 060	63 886	73 542	66 782	70 055
Transfers and grants	220	400	6 122	3 240	5 540	4 740	5 140	5 240	5 240
Other expenditure	237 597	159 380	225 906	210 274	243 363	205 948	311 511	275 309	288 751
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Expenditure	1 134 870	1 213 741	1 623 459	1 673 462	1 785 959	1 737 922	1 944 707	2 001 145	2 124 082
Surplus/(Deficit)	(13 350)	61 194	(67 912)	94 171	146 100	77 202	24 826	61 197	125 669
Transfers recognised - capital	397 367	231 114	242 942	388 070	386 322	470 476	479 207	314 285	365 153
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822

The budgeted allocation for employee related costs for the 2013/14 financial year totals R448 million, which equals 23 percent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 6.85 per cent for the 2013/14 financial year. An annual increase of 6.4 per cent has been included in the two outer years of the MTREF. As part of the planning assumptions and interventions all vacancies were originally removed from the budget but as part of the national initiative to concentrate on job creation vacancies have been budgeted for, but only for 6 months. These vacancies will be filled on a staggered approach.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the Municipality. For the 2013/14 financial year this amount equates to R40 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R232.7 million for the 2013/14 financial and equates to 11.9 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.4 percent (R27.1 million) of operating expenditure excluding annual redemption for 2013/14 and decreases to R21.1 million by 2015/16.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Lepelle Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases make up 33.8 percent (R658 million) of operating expenditure. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. For 2013/14 the appropriation against this group of expenditure makes up 6.42 percent (R124.9 million) of operating expenditure.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2013/14 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2013/14 financial year, this group of expenditure totals R73.5 million. For the two outer years growth has been limited to R66.7 and R70 million respectively. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2013/14 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are

currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Printing and stationary, subsistence and travelling, attending of conferences and workshops have significantly been reduced or limited to zero growth. Other expenditure makes up 16 percent (R311.5 million) of operating expenditure

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 12 Operational repairs and maintenance

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Total Repairs and Maintenance Expenditure	86,782	95,301	96,881	84,348	89,254	89,254	124,975	126,499	132,697
<u>Specialised vehicles</u>	-	-	-	-	-	-	-	-	-
<i>R&M as a % of PPE</i>	1.8%	1.9%	1.7%	1.3%	1.4%	1.5%	1.9%	1.8%	1.8%
<i>R&M as % Operating Expenditure</i>	7.7%	6.9%	6.0%	5.1%	5.0%	5.1%	6.4%	6.3%	6.2%

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 40 per cent in the 2013/14 financial year, from R89.2 million to R124.9 million. In relation to the total operating expenditure, repairs and maintenance comprises of 6.4, 6.3 and 6.2 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 13 Repairs and maintenance per asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	70 761	75 309	74 096	53 164	54 471	54 471	79 179	80 792	84 750
Infrastructure - Road transport	15 657	21 374	19 520	10 265	10 265	10 265	11 066	11 630	12 199
<i>Roads, Pavements & Bridges</i>	14 980	20 501	19 520	8 145	8 145	8 145	8 946	9 402	9 862
<i>Storm water</i>	677	873	–	2 120	2 120	2 120	2 120	2 228	2 337
Infrastructure - Electricity	21 123	22 367	17 315	16 698	18 005	18 005	18 005	18 923	19 850
<i>Generation</i>	–	–	–	–	–	–	–	–	–
<i>Transmission & Reticulation</i>	18 704	20 037	17 315	14 198	15 505	15 505	15 505	16 295	17 094
<i>Street Lighting</i>	2 419	2 330	–	2 500	2 500	2 500	2 500	2 628	2 756
Infrastructure - Water	24 540	24 657	31 628	21 148	21 148	21 148	22 948	24 118	25 300
<i>Dams & Reservoirs</i>	5 356	6 261	31 628	18 148	18 148	18 148	4 203	4 417	4 633
<i>Water purification</i>	2 649	2 321	–	3 000	3 000	3 000	3 000	3 153	3 307
<i>Reticulation</i>	16 535	16 074	–	–	–	–	15 746	16 549	17 360
Infrastructure - Sanitation	4 817	3 918	5 633	4 996	4 996	4 996	4 996	5 250	5 508
<i>Reticulation</i>	3 466	2 898	5 633	3 574	3 574	3 574	3 574	3 756	3 940
<i>Sewerage purification</i>	1 351	1 019	–	1 422	1 422	1 422	1 422	1 494	1 567
Infrastructure - Other	4 624	2 994	–	58	58	58	22 165	20 870	21 893
<i>Waste Management</i>	4 624	2 994	–	58	58	58	22 165	20 870	21 893
Community	16 021	19 992	22 785	31 183	34 783	34 783	45 796	45 707	47 947
Parks & gardens	1 947	3 619	–	3 574	3 574	3 574	9 281	7 330	7 689
Sportsfields & stadia	2 404	4 292	–	7 862	11 462	11 462	10 451	10 984	11 522
Swimming pools	252	186	–	222	222	222	222	233	245
Community halls	359	302	–	66	66	66	66	69	73
Libraries	420	492	–	113	113	113	156	164	173
Recreational facilities	–	–	–	–	–	–	–	–	–
Fire, safety & emergency	1 423	1 153	–	1 504	1 504	1 504	1 504	1 581	1 658
Security and policing	1 752	2 192	–	640	640	640	545	573	601
Buses	–	–	–	–	–	–	–	–	–
Clinics	–	–	–	1	1	1	7	8	8
Museums & Art Galleries	417	279	–	53	53	53	60	63	66
Cemeteries	134	128	–	30	30	30	1 290	1 355	1 422
Social rental housing	0	–	–	–	–	–	–	–	–
Other	6 912	7 351	22 785	17 119	17 119	17 119	22 213	23 346	24 490
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Agricultural assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	86 782	95 301	96 881	84 348	89 254	89 254	124 975	126 499	132 697
Specialised vehicles	–	–	–	–	–	–	–	–	–
R&M as a % of PPE	1.8%	1.9%	1.7%	1.3%	1.4%	1.5%	1.9%	1.8%	1.8%
R&M as % Operating Expenditure	7.7%	6.9%	6.0%	5.1%	5.0%	5.1%	6.4%	6.3%	6.2%

For the 2013/14 financial year, 63.3 per cent or R79.1 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling R15.5 million, followed by road infrastructure at R11 million. Community assets have been allocated R45.7 million of total repairs and maintenance equating to 36.5 percent. This is to move towards compliance with the requirements of National Treasury Circulars 66 & 67 to budget for at least 8% of Property, Plant & Equipment for renewal and operational repairs and maintenance of existing asset infrastructure.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. There is currently plus minus 7400 debtors registered as indigent and the target is to register 538 or more indigent households during the 2013/14 financial year, a process reviewed annually. In monetary terms indigent subsidy for the 2013/14 year amounts to R184 per month

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 14 2013/14 Medium-term capital budget per vote

Description R thousand	2013/14 Medium Term Revenue & Expenditure Framework					
	2013/14	%	2014/15	%	2015/16	%
Communication & Marketing	50	0.01%	-	0.00%	-	0.00%
Facility Management	5,500	1.09%	-	0.00%	2,000	0.43%
Energy Services	51,500	10.22%	54,800	15.06%	75,300	16.36%
Sanitation	41,500	8.23%	54,500	14.98%	80,000	17.38%
Water Supply & Reticulation	122,000	24.21%	114,735	31.54%	150,603	32.73%
Transport Infrastructure Services	61,750	12.25%	113,750	31.27%	127,750	27.76%
Community Development	17,500	3.47%	18,500	5.09%	15,500	3.37%
Disaster & Fire	1,000	0.20%	-	0.00%	-	0.00%
Waste Management	8,950	1.78%	-	0.00%	-	0.00%
Environmental Management	9,000	1.79%	-	0.00%	-	0.00%
Libraries	300	0.06%	700	0.19%	600	0.13%
Museums	-	0.00%	1,000	0.27%	-	0.00%
Information Services	5,500	1.09%	4,500	1.24%	8,417	1.83%
City Planning	-	0.00%	1,300	0.36%	-	0.00%
Transport Operations	179,457	35.61%	-	0.00%	-	0.00%
Total Capital Budget	504,007	100.0%	363,785	100.0%	460,170	100.0%

For 2013/14 an amount of R504 million has been appropriated for the development of infrastructure. In the outer years this amount totals R363.7 million and R460.1 million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 24 MBRR A9 (Asset Management).

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 15 MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Financial Performance										
Property rates	173,595	209,500	229,423	248,982	253,982	253,982	253,982	279,863	294,136	308,549
Service charges	558,294	626,383	808,502	947,579	1,015,579	1,013,621	1,013,621	1,091,702	1,187,948	1,292,135
Investment revenue	32,236	3,000	24,554	8,677	8,677	8,677	8,677	12,500	12,500	12,500
Transfers recognised - operational	270,961	357,269	374,703	402,905	491,331	404,405	404,405	486,936	467,302	531,170
Other own revenue	86,433	78,783	118,366	159,490	162,490	134,439	134,439	98,532	100,456	105,397
Total Revenue (excluding capital transfers and contributions)	1,121,520	1,274,935	1,555,548	1,767,633	1,932,059	1,815,124	1,815,124	1,969,533	2,062,342	2,249,750
Employee costs	310,314	347,526	384,940	435,903	399,795	396,195	397,401	448,000	476,776	507,766
Remuneration of councillors	15,110	18,447	17,678	21,467	21,467	19,236	19,236	23,684	25,224	26,864
Depreciation & asset impairment	107,768	112,694	231,254	186,997	276,000	275,968	275,968	232,700	244,568	256,552
Finance charges	23,627	5,800	29,427	31,486	31,486	31,486	31,486	27,155	23,747	21,158
Materials and bulk purchases	402,278	506,492	615,678	692,088	704,248	700,462	707,757	782,975	833,499	892,697
Transfers and grants	220	400	6,122	3,240	5,540	4,740	4,740	5,140	5,240	5,240
Other expenditure	275,553	222,383	338,361	302,280	347,423	309,833	309,833	425,053	392,091	413,805
Total Expenditure	1,134,870	1,213,741	1,623,459	1,673,462	1,785,959	1,737,922	1,746,421	1,944,707	2,001,145	2,124,082
Surplus/(Deficit)	(13,350)	61,194	(67,912)	94,171	146,100	77,202	68,703	24,826	61,197	125,669
Transfers recognised - capital	397,367	231,114	242,942	388,070	386,322	470,476	470,476	479,207	314,285	365,153
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	384,017	292,308	175,030	482,241	532,422	547,678	539,179	504,033	375,482	490,822
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	384,017	292,308	175,030	482,241	532,422	547,678	539,179	504,033	375,482	490,822
Capital expenditure & funds sources										
Capital expenditure	897,181	287,886	354,503	485,070	533,804	535,800	535,800	504,007	363,785	460,170
Transfers recognised - capital	398,542	121,956	216,313	289,367	380,462	380,462	380,462	479,207	314,285	365,153
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	498,639	165,930	138,190	195,703	153,342	155,338	155,338	24,800	49,500	95,017
Total sources of capital funds	897,181	287,886	354,503	485,070	533,804	535,800	535,800	504,007	363,785	460,170
Financial position										
Total current assets	338,701	509,205	705,162	592,280	592,280	605,280	605,280	647,732	659,853	654,954
Total non current assets	5,083,408	5,197,717	5,770,490	6,198,311	6,403,712	6,279,641	6,279,641	6,799,065	7,162,729	7,622,798
Total current liabilities	461,980	435,285	493,463	389,507	389,507	389,507	389,507	399,363	400,806	402,009
Total non current liabilities	196,648	415,888	476,340	478,206	478,206	478,206	478,206	438,602	419,742	399,961
Community wealth/Equity	4,763,481	4,855,748	5,505,849	5,922,877	6,128,278	6,017,207	6,017,207	6,608,832	7,002,034	7,475,782
Cash flows										
Net cash from (used) operating	360,141	312,840	355,908	672,592	859,873	859,873	859,873	776,733	667,597	802,473
Net cash from (used) investing	(609,212)	(444,342)	(403,719)	(483,070)	(531,804)	(531,804)	(531,804)	(490,007)	(349,785)	(446,170)
Net cash from (used) financing	(26,712)	232,394	53,843	(23,507)	(23,507)	(23,507)	(23,507)	(31,363)	(31,806)	(32,509)
Cash/cash equivalents at the year end	(95,650)	5,241	11,274	176,015	480,577	785,139	480,577	273,363	559,369	883,163
Cash backing/surplus reconciliation										
Cash and investments available	(36,650)	225,235	294,081	304,137	304,137	317,137	317,137	269,000	269,000	269,000
Application of cash and investments	201,012	175,865	162,805	154,139	153,594	149,196	149,196	43,161	33,116	37,894
Balance - surplus (shortfall)	(237,663)	49,370	131,277	149,998	150,543	167,941	167,941	225,839	235,884	231,106
Asset management										
Asset register summary (WDV)	5,067,369	5,181,102	5,753,605	6,184,093	6,389,495	6,265,424	6,782,280	6,782,280	7,146,065	7,606,235
Depreciation & asset impairment	107,768	112,694	231,254	186,997	276,000	275,968	232,700	232,700	244,568	256,552
Renewal of Existing Assets	-	-	-	-	-	-	-	111,500	164,500	180,000
Repairs and Maintenance	86,782	95,301	96,881	84,348	89,254	89,254	124,975	124,975	126,499	132,697
Free services										
Cost of Free Basic Services provided	3,996	4,228	15,534	24,413	24,413	24,413	22,121	22,121	23,251	24,389
Revenue cost of free services provided	40,590	45,824	48,573	31,598	31,598	31,598	32,641	32,641	34,259	35,742
Households below minimum service level										
Water:	8	8	8	21	21	21	7	7	6	6
Sanitation/sew erage:	11	11	11	52	52	52	100	100	98	96
Energy:	80	80	80	36	36	36	30	30	30	29
Refuse:	82	82	82	65	65	65	86	86	86	86

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Asset management									
Asset register summary (WDV)	5 067 369	5 181 102	5 753 605	6 184 093	6 389 495	6 265 424	6 782 280	7 146 065	7 606 235
Depreciation & asset impairment	107 768	112 694	231 254	186 997	276 000	275 968	232 700	244 568	256 552
Renewal of Existing Assets	-	-	-	-	-	-	111 500	164 500	180 000
Repairs and Maintenance	86 782	95 301	96 881	84 348	89 254	89 254	124 975	126 499	132 697
Free services									
Cost of Free Basic Services provided	3 996	4 228	15 534	24 413	24 413	24 413	22 121	23 251	24 389
Revenue cost of free services provided	40 590	45 824	48 573	31 598	31 598	31 598	32 641	34 259	35 742
Households below minimum service level									
Water:	8	8	8	21	21	21	7	6	6
Sanitation/sewerage:	11	11	11	52	52	52	100	98	96
Energy:	80	80	80	36	36	36	30	30	29
Refuse:	82	82	82	65	65	65	86	86	86

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated

that the goal of having all obligations cash-back will be achieved during the 2013/14 financial year, when a surplus will be reflected.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Revenue - Standard									
Governance and administration	896 641	821 900	943 772	1 076 807	1 171 485	1 168 713	1 284 253	1 112 188	1 242 529
Executive and council	-	-	-	-	-	-	-	-	-
Budget and treasury office	227 758	232 282	323 967	284 296	289 296	289 296	314 099	327 564	343 169
Corporate services	668 883	589 618	619 805	792 511	882 189	879 417	970 153	784 624	899 361
Community and public safety	5 905	7 802	8 334	20 683	20 683	14 728	22 930	24 099	25 280
Community and social services	1 446	1 578	1 590	2 228	2 228	2 228	2 383	2 505	2 628
Sport and recreation	681	817	1 546	11 070	11 070	5 115	12 645	13 290	13 941
Public safety	3 680	5 372	5 169	7 348	7 348	7 348	7 863	8 264	8 668
Housing	97	35	30	37	37	37	39	41	43
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	55 587	48 752	34 192	108 965	108 965	86 902	48 040	50 444	52 872
Planning and development	43 602	38 929	24 792	78 199	78 199	77 253	27 719	29 087	30 468
Road transport	7 831	8 128	7 609	28 890	28 890	7 774	18 314	19 248	20 191
Environmental protection	4 155	1 695	1 790	1 876	1 876	1 876	2 007	2 109	2 213
Trading services	560 754	627 596	812 191	949 249	1 017 249	1 015 257	1 093 517	1 189 896	1 294 222
Electricity	369 183	415 882	559 547	609 339	650 339	650 339	699 481	769 343	846 184
Water	116 277	123 973	165 503	230 594	248 594	248 561	268 842	287 826	307 577
Waste water management	34 322	44 082	39 311	63 239	66 239	64 281	67 116	70 539	73 996
Waste management	40 973	43 659	47 830	46 076	52 076	52 076	58 077	62 187	66 464
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	1 518 887	1 506 049	1 798 489	2 155 703	2 318 381	2 285 600	2 448 740	2 376 627	2 614 903
Expenditure - Standard									
Governance and administration	149 489	124 907	325 711	395 178	401 914	372 260	465 220	486 030	510 764
Executive and council	31 350	46 789	110 240	93 860	101 367	98 279	105 632	119 190	127 778
Budget and treasury office	61 366	21 777	83 630	88 934	98 950	96 499	114 946	105 999	108 042
Corporate services	56 773	56 342	131 841	212 385	201 597	177 483	244 642	260 840	274 944
Community and public safety	307 728	265 801	346 763	322 096	334 425	340 819	388 313	369 884	390 611
Community and social services	62 266	63 492	74 169	69 252	72 695	78 677	81 764	84 153	89 063
Sport and recreation	142 953	87 774	145 420	119 476	124 239	123 854	163 115	133 781	140 688
Public safety	89 021	98 958	114 856	117 841	126 652	126 497	131 991	139 790	147 943
Housing	6 675	8 669	6 947	9 913	5 474	6 322	7 379	7 843	8 334
Health	6 813	6 907	5 370	5 613	5 366	5 470	4 064	4 317	4 584
Economic and environmental services	98 244	115 150	147 957	124 603	191 186	175 436	142 007	132 963	140 435
Planning and development	32 290	40 669	37 379	45 780	42 990	42 827	45 252	47 966	50 813
Road transport	58 983	66 318	95 913	72 519	132 495	116 868	80 073	67 387	71 056
Environmental protection	6 971	8 163	14 665	6 304	15 702	15 741	16 681	17 609	18 566
Trading services	579 409	707 883	803 028	831 583	858 434	849 406	949 167	1 012 269	1 082 272
Electricity	323 803	408 872	482 245	535 406	547 240	546 750	587 403	632 324	680 414
Water	163 647	192 932	199 105	196 987	202 319	201 709	249 082	263 247	278 598
Waste water management	43 882	50 828	51 431	44 922	52 688	52 391	51 204	54 152	57 216
Waste management	48 077	55 252	70 247	54 269	56 187	48 557	61 478	62 545	66 045
Other	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	1 134 870	1 213 741	1 623 459	1 673 462	1 785 959	1 737 922	1 944 707	2 001 145	2 124 082
Surplus/(Deficit) for the year	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Electricity, Water and Sanitation functions, but not the Waste Management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Revenue by Vote									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	519 781	583 938	764 361	924 333	986 333	963 225	1 045 483	1 138 264	1 238 830
Vote 5 - Community Services	67 115	71 632	77 358	77 918	83 918	83 918	91 938	97 775	103 796
Vote 6 - Community Development	1 439	1 615	2 418	12 420	12 420	6 464	14 089	14 807	15 533
Vote 7 - Corporate and Shared Services	530	1 211	2 136	1 512	4 512	4 512	3 986	3 013	3 014
Vote 8 - Planning and Economic Development	33 934	26 988	10 604	64 249	64 249	63 303	13 001	13 617	14 239
Vote 9 - Budget and Treasury	896 086	820 665	941 612	1 075 271	1 166 949	1 164 177	1 280 242	1 109 151	1 239 492
Total Revenue by Vote	1 518 887	1 506 049	1 798 489	2 155 703	2 318 381	2 285 600	2 448 740	2 376 627	2 614 903
Expenditure by Vote to be appropriated									
Vote 1 - Council	31 247	44 615	107 683	101 550	105 777	100 856	118 883	132 867	142 232
Vote 2 - Office of the Municipal Manager	2 307	2 748	25 916	21 385	25 125	25 089	26 941	28 506	30 135
Vote 3 - Strategic Planning Monitoring and Evaluation	10 299	12 268	12 032	16 462	13 491	12 804	17 925	19 014	20 158
Vote 4 - Engineering Services	595 488	721 916	828 833	846 095	898 903	897 623	944 873	1 010 018	1 079 713
Vote 5 - Community Services	180 237	204 809	250 752	227 615	247 001	245 343	267 775	278 649	294 826
Vote 6 - Community Development	185 462	139 654	197 549	174 960	185 096	183 908	225 673	199 938	210 584
Vote 7 - Corporate and Shared Services	38 401	28 335	82 664	151 365	136 614	115 808	167 132	179 165	188 595
Vote 8 - Planning and Economic Development	30 062	37 619	34 400	45 088	38 996	39 699	41 255	43 729	46 324
Vote 9 - Budget and Treasury	61 366	21 777	83 630	88 934	98 950	96 499	114 946	105 999	108 042
Total Expenditure by Vote	1 134 870	1 213 741	1 623 459	1 673 462	1 785 959	1 737 922	1 944 707	2 001 145	2 124 082
Surplus/(Deficit) for the year	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity trading service.

Table 18 Surplus/(Deficit) calculations for the electricity trading service

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Electricity									
Total Revenue (Incl capital grants & transfers)	369 183	415 882	559 547	609 339	650 339	650 339	699 481	769 343	846 184
Operating Expenditure	323 803	408 871	482 244	535 406	547 240	547 240	587 403	632 324	680 413
Surplus/(Deficit) for the year	45 380	7 011	77 303	73 933	103 099	103 099	112 078	137 019	165 771
Percentage Surplus	12	2	14	12	16	16	16	18	20

Table 19 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Revenue By Source									
Property rates	173 595	209 500	229 423	248 982	253 982	253 982	279 863	294 136	308 549
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	369 140	415 805	556 892	609 206	650 206	650 206	699 341	769 189	846 014
Service charges - water revenue	116 277	123 973	165 503	230 544	248 544	248 544	268 788	287 769	307 516
Service charges - sanitation revenue	34 322	44 082	39 311	63 239	66 239	64 281	67 116	70 539	73 996
Service charges - refuse revenue	38 556	42 523	46 795	44 589	50 589	50 589	56 456	60 451	64 609
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	5 655	3 620	5 102	17 071	17 071	10 442	17 566	18 461	19 366
Interest earned - external investments	32 236	3 000	24 554	8 677	8 677	8 677	12 500	12 500	12 500
Interest earned - outstanding debtors	17 101	19 066	17 678	25 000	25 000	25 000	18 000	18 000	18 000
Dividends received	-	-	-	-	-	-	-	-	-
Fines	2 831	4 774	4 497	5 689	5 689	5 656	6 087	6 399	6 714
Licences and permits	8 034	8 385	8 234	7 961	7 961	7 961	8 516	8 951	9 389
Agency services	9 769	12 000	13 827	14 000	14 000	14 000	14 770	15 523	16 284
Transfers recognised - operational	270 961	357 269	374 703	402 905	491 331	404 405	486 936	467 302	531 170
Other revenue	40 550	30 918	68 781	89 569	92 570	71 180	33 392	32 911	35 423
Gains on disposal of PPE	2 493	20	246	200	200	200	200	210	220
Total Revenue (excluding capital transfers and contributions)	1 121 520	1 274 935	1 555 548	1 767 633	1 932 059	1 815 124	1 969 533	2 062 342	2 249 750
Expenditure By Type									
Employee related costs	310 314	347 526	384 940	435 903	399 795	396 195	448 000	476 776	507 766
Debt impairment	(2 392)	6 700	38 192	40 000	40 000	40 000	40 000	50 000	55 000
Depreciation & asset impairment	107 768	112 694	231 254	186 997	276 000	275 968	232 700	244 568	256 552
Finance charges	23 627	5 800	29 427	31 486	31 486	31 486	27 155	23 747	21 158
Bulk purchases	314 831	415 588	518 797	580 282	587 546	587 546	658 000	707 000	760 000
Other materials	87 447	90 904	96 881	111 806	116 702	112 916	124 975	126 499	132 697
Contracted services	40 348	56 302	74 263	52 005	64 060	63 886	73 542	66 782	70 055
Transfers and grants	220	400	6 122	3 240	5 540	4 740	5 140	5 240	5 240
Other expenditure	237 597	159 380	225 906	210 274	243 363	205 948	311 511	275 309	288 751
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Expenditure	1 134 870	1 213 741	1 623 459	1 673 462	1 785 959	1 737 922	1 944 707	2 001 145	2 124 082
Surplus/(Deficit)	(13 350)	61 194	(67 912)	94 171	146 100	77 202	24 826	61 197	125 669
Transfers recognised - capital	397 367	231 114	242 942	388 070	386 322	470 476	479 207	314 285	365 153
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R1.969 billion in 2013/14 and escalates to R2.249 billion by 2015/16. This represents a year-on-year increase of 4.7 percent for the 2014/15 financial year and 9 per cent for the 2015/16 financial year.
2. Revenue to be generated from property rates is R279.8 million in the 2013/14 financial year and increases to R308.5 million by 2015/16 which represents 14.2 percent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 8 per cent, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R1.091 billion for the 2013/14 financial year and increasing to R1.292 billion by 2015/16. For the 2014/15 financial year services charges amount to 55.4 per cent of the total revenue base and increase to 57.4 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are remaining constant over the MTREF by 22.6 per cent and 23.6 per cent for the two outer years.
5. Bulk purchases have significantly increased over the 2013/14 to 2015/16 period escalating from R658 million to R760 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Lepelle Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 20 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	-	-	-	-	-	-	7 750	12 750	17 750
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-
Vote 6 - Community Development	-	-	-	-	-	-	16 000	18 000	15 000
Vote 7 - Corporate and Shared Services	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Economic Development	-	-	-	-	-	-	-	-	-
Vote 9 - Budget and Treasury	-	-	-	-	-	-	-	-	-
Vote 10 - Transport Operations	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	23 750	30 750	32 750
Single-year expenditure to be appropriated									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	50	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	429 921	223 560	299 101	368 917	512 435	514 431	268 500	325 035	415 903
Vote 5 - Community Services	9 346	20 004	1 006	-	2 206	2 206	18 950	-	-
Vote 6 - Community Development	399 583	15 963	6 888	1 000	1 953	1 953	7 800	2 200	3 100
Vote 7 - Corporate and Shared Services	36 077	13 357	19 957	5 500	6 717	6 717	5 500	4 500	8 417
Vote 8 - Planning and Economic Development	22 126	12 238	21 529	109 653	10 443	10 443	-	1 300	-
Vote 9 - Budget and Treasury	128	2 763	6 022	-	50	50	-	-	-
Vote 10 - Transport Operations	-	-	-	-	-	-	179 457	-	-
Capital single-year expenditure sub-total	897 181	287 886	354 503	485 070	533 804	535 800	480 257	333 035	427 420
Total Capital Expenditure - Vote	897 181	287 886	354 503	485 070	533 804	535 800	504 007	363 785	460 170
Capital Expenditure - Standard									
Governance and administration	36 205	16 120	28 416	6 500	8 557	8 557	11 050	4 500	10 417
Executive and council	-	-	-	-	350	350	-	-	-
Budget and treasury office	128	2 763	6 022	-	50	50	-	-	-
Corporate services	36 077	13 357	22 394	6 500	8 157	8 157	11 050	4 500	10 417
Community and public safety	406 383	35 303	5 125	200	2 169	2 169	18 800	20 200	16 100
Community and social services	6 228	2 249	726	-	1 006	1 006	1 300	1 700	600
Sport and recreation	393 355	13 714	4 369	-	513	513	17 500	18 500	15 500
Public safety	5 781	19 340	-	-	600	600	-	-	-
Housing	990	-	29	200	50	50	-	-	-
Health	29	-	-	-	-	-	-	-	-
Economic and environmental services	198 027	85 092	135 615	250 303	190 056	190 056	250 207	115 050	127 750
Planning and development	21 136	12 238	21 516	109 453	10 393	10 393	-	1 300	-
Road transport	176 559	72 818	114 099	140 850	179 663	179 663	241 207	113 750	127 750
Environmental protection	331	35	-	-	-	-	9 000	-	-

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Capital Expenditure - Standard									
<i>Trading services</i>	256 567	151 371	185 348	228 067	333 022	335 018	223 950	224 035	305 903
Electricity	21 387	51 788	58 652	40 000	59 256	61 252	51 500	54 800	75 300
Water	207 859	59 959	107 181	156 667	222 912	222 912	122 000	114 735	150 603
Waste water management	24 116	38 995	19 169	31 400	50 853	50 853	41 500	54 500	80 000
Waste management	3 205	629	346	-	-	-	8 950	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	897 181	287 886	354 503	485 070	533 804	535 800	504 007	363 785	460 170
Funded by:									
National Government	396 283	121 956	216 313	282 960	374 055	374 055	479 207	314 285	365 153
Provincial Government	-	-	-	6 407	6 407	6 407	-	-	-
District Municipality	2 259	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	398 542	121 956	216 313	289 367	380 462	380 462	479 207	314 285	365 153
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	498 639	165 930	138 190	195 703	153 342	155 338	24 800	49 500	95 017
Total Capital Funding	897 181	287 886	354 503	485 070	533 804	535 800	504 007	363 785	460 170

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14, R23.7 million has been allocated of the total R504 million capital budget, which totals 4.7 per cent. This allocation escalates to R30.7 million in 2014/15 and then increases to R32.7 million in 2015/16.
3. Single-year capital expenditure has been appropriated at R480.2 million for the 2013/14 financial year and decreases in 2014/15 at the level of R333 million and then increases to R427.4 million in 2015/16.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants and contributions from the capital replacement reserve. For 2013/14, capital transfers totals R479.2 million and decrease to R365.1 million by 2015/16. Internally generated funding totaling R24.8 million in 2013/14 and escalates to R95 million in 2015/16. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 21 MBRR Table A6 - Budgeted Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
ASSETS									
Current assets									
Cash	–	5 241	11 274	5 000	5 000	18 000	10 000	10 000	10 000
Call investment deposits	59 000	219 993	282 808	299 137	299 137	299 137	259 000	259 000	259 000
Consumer debtors	153 650	193 502	263 453	194 143	194 143	194 143	231 143	241 143	236 143
Other debtors	48 784	15 216	79 970	15 000	15 000	15 000	80 000	80 000	80 000
Current portion of long-term receivables	24 637	21 372	7 502	20 000	20 000	20 000	6 590	7 711	7 812
Inventory	52 630	53 880	60 155	59 000	59 000	59 000	61 000	62 000	62 000
Total current assets	338 701	509 205	705 162	592 280	592 280	605 280	647 732	659 853	654 954
Non current assets									
Long-term receivables	7 822	8 397	8 667	6 000	6 000	6 000	8 567	8 446	8 346
Investments	–	–	–	–	–	–	–	–	–
Investment property	125 511	125 511	138 360	125 511	125 511	125 511	138 360	138 360	138 360
Investment in Associate	8 217	8 217	8 217	8 217	8 217	8 217	8 217	8 217	8 217
Property , plant and equipment	4 941 858	5 055 592	5 573 513	6 058 583	6 263 984	6 139 913	6 643 920	7 007 705	7 467 875
Agricultural	–	–	–	–	–	–	–	–	–
Biological	–	–	7 305	–	–	–	–	–	–
Intangible	–	–	34 428	–	–	–	–	–	–
Other non-current assets	–	–	–	–	–	–	–	–	–
Total non current assets	5 083 408	5 197 717	5 770 490	6 198 311	6 403 712	6 279 641	6 799 065	7 162 729	7 622 798
TOTAL ASSETS	5 422 109	5 706 921	6 475 652	6 790 591	6 995 992	6 884 921	7 446 797	7 822 582	8 277 752
LIABILITIES									
Current liabilities									
Bank overdraft	95 650	–	–	–	–	–	–	–	–
Borrowing	6 517	30 548	38 405	26 507	26 507	26 507	36 363	36 806	37 509
Consumer deposits	51 837	57 596	62 072	63 000	63 000	63 000	63 000	64 000	64 500
Trade and other payables	307 976	347 141	392 986	300 000	300 000	300 000	300 000	300 000	300 000
Provisions	–	–	–	–	–	–	–	–	–
Total current liabilities	461 980	435 285	493 463	389 507	389 507	389 507	399 363	400 806	402 009
Non current liabilities									
Borrowing	54 474	257 078	298 588	310 169	310 169	310 169	225 862	188 613	150 401
Provisions	142 174	158 810	177 752	168 037	168 037	168 037	212 740	231 129	249 560
Total non current liabilities	196 648	415 888	476 340	478 206	478 206	478 206	438 602	419 742	399 961
TOTAL LIABILITIES	658 628	851 173	969 803	867 714	867 714	867 714	837 965	820 548	801 970
NET ASSETS	4 763 481	4 855 748	5 505 849	5 922 877	6 128 278	6 017 207	6 608 832	7 002 034	7 475 782
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	4 392 947	4 496 765	4 723 762	5 563 800	5 769 201	5 658 130	5 826 559	6 219 668	6 693 323
Reserves	370 534	358 983	782 086	359 077	359 077	359 077	782 273	782 366	782 459
Minorities' interests	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	4 763 481	4 855 748	5 505 849	5 922 877	6 128 278	6 017 207	6 608 832	7 002 034	7 475 782

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 64 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 22 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		643,965	970,087	949,491	1,291,051	1,367,051	1,367,051	1,367,051	1,452,097	1,564,540	1,688,080
Government - operating	1	364,356	358,909	367,485	402,905	491,331	491,331	491,331	486,936	467,302	531,170
Government - capital	1	360,194	131,083	250,160	388,070	386,322	386,322	386,322	479,207	314,285	365,153
Interest		49,307	28,922	42,233	33,677	33,677	33,677	33,677	30,500	30,500	30,500
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1,034,055)	(1,163,088)	(1,224,034)	(1,411,625)	(1,387,022)	(1,387,022)	(1,387,022)	(1,644,852)	(1,685,283)	(1,791,272)
Finance charges		(23,627)	(13,073)	(29,427)	(31,486)	(31,486)	(31,486)	(31,486)	(27,155)	(23,747)	(21,158)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		360,141	312,840	355,908	672,592	859,873	859,873	859,873	776,733	667,597	802,473
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		4,769	1,847	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		(12,331)	2,690	13,599	2,000	2,000	2,000	2,000	14,000	14,000	14,000
Decrease (increase) other non-current receivables		82,393		(59,000)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		213,139	(160,993)	(3,815)	-	-	-	-	-	-	-
Payments											
Capital assets		(897,181)	(287,886)	(354,503)	(485,070)	(533,804)	(533,804)	(533,804)	(504,007)	(363,785)	(460,170)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(609,212)	(444,342)	(403,719)	(483,070)	(531,804)	(531,804)	(531,804)	(490,007)	(349,785)	(446,170)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			226,634	49,367	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		5,620	5,760	4,476	3,000	3,000	3,000	3,000	5,000	5,000	5,000
Payments											
Repayment of borrowing		(32,332)	-		(26,507)	(26,507)	(26,507)	(26,507)	(36,363)	(36,806)	(37,509)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(26,712)	232,394	53,843	(23,507)	(23,507)	(23,507)	(23,507)	(31,363)	(31,806)	(32,509)
NET INCREASE/ (DECREASE) IN CASH HELD		(275,782)	100,892	6,032	166,015	304,562	304,562	304,562	255,363	286,006	323,794
Cash/cash equivalents at the year begin:	2	180,132	(95,650)	5,241	10,000	176,015	480,577	176,015	18,000	273,363	559,369
Cash/cash equivalents at the year end:	2	(95,650)	5,241	11,274	176,015	480,577	785,139	480,577	273,363	559,369	883,163

Table 23 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	(95,650)	5,241	11,274	176,015	480,577	785,139	480,577	273,363	559,369	883,163
Other current investments > 90 days		59,000	219,993	282,808	128,122	(176,440)	(468,002)	(163,440)	(4,363)	(290,369)	(614,163)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		(36,650)	225,235	294,081	304,137	304,137	317,137	317,137	269,000	269,000	269,000
Application of cash and investments											
Unspent conditional transfers		79,022	166,832	174,567	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	62,991	(49,967)	(70,762)	(4,861)	(5,406)	(9,804)	(9,804)	(115,839)	(125,884)	(121,106)
Other provisions											
Long term investments committed	4	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000
Reserves to be backed by cash	5										
Total Application of cash and investments		201,012	175,865	162,805	154,139	153,594	149,196	149,196	43,161	33,116	37,894
Surplus(shortfall)		(237,663)	49,370	131,277	149,998	150,543	167,941	167,941	225,839	235,884	231,106

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. As part of the 2012/13 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
4. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R273.3 million positive as at the end of the 2013/14 financial year and increases to R883.1 million by 2015/16.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen the budget has been modelled to progressively move from a surplus of R225.8 million in 2013/14 to a surplus of R231.1 million by 2015/16.

Table 24 MBRR Table A9 - Asset Management

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
CAPITAL EXPENDITURE									
<u>Total New Assets</u>	897 181	287 886	354 503	485 070	533 804	535 800	392 507	199 285	280 170
Infrastructure - Road transport	181 833	72 818	114 099	1 100	3 229	3 229	7 750	14 250	23 750
Infrastructure - Electricity	97 616	64 932	58 652	88 221	92 586	92 586	51 500	53 800	73 300
Infrastructure - Other	-	-	-	21 946	15 137	15 137	188 407	-	-
Infrastructure	430 894	236 704	299 101	233 367	324 155	324 155	371 157	184 285	262 653
Community	-	-	5 000	-	18 442	20 088	19 800	10 200	10 100
Other assets	466 287	51 182	50 402	251 703	191 207	191 557	1 550	4 800	7 417
<u>Total Renewal of Existing Assets</u>	-	-	-	-	-	-	111 500	164 500	180 000
Infrastructure - Road transport	-	-	-	-	-	-	54 000	92 500	83 000
Infrastructure - Electricity	-	-	-	-	-	-	-	1 000	2 000
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	94 000	146 500	150 000
Community	-	-	-	-	-	-	17 500	18 000	30 000
<u>Total Capital Expenditure</u>									
Infrastructure - Road transport	181 833	72 818	114 099	1 100	3 229	3 229	61 750	106 750	106 750
Infrastructure - Electricity	97 616	64 932	58 652	88 221	92 586	92 586	51 500	54 800	75 300
Infrastructure - Other	-	-	-	21 946	15 137	15 137	188 407	-	-
Infrastructure	430 894	236 704	299 101	233 367	324 155	324 155	465 157	330 785	412 653
Community	-	-	5 000	-	18 442	20 088	37 300	28 200	40 100
Other assets	466 287	51 182	50 402	251 703	191 207	191 557	1 550	4 800	7 417
TOTAL CAPITAL EXPENDITURE - Asset class	897 181	287 886	354 503	485 070	533 804	535 800	504 007	363 785	460 170

Polokwane Municipality 2013/14 MTREF

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	1 277 102	1 310 191	1 349 724	1 490 574	1 529 387	1 529 387	1 770 594	1 884 344	2 012 094
Infrastructure - Electricity	640 157	769 132	790 531	830 531	849 787	851 783	903 283	958 083	1 033 383
Infrastructure - Other	2 335 663	2 114 480	2 484 208	2 600 361	2 505 327	2 504 527	2 552 327	2 578 327	2 604 844
Infrastructure	4 941 858	5 055 592	5 573 513	6 058 583	6 263 984	6 139 913	6 643 920	7 007 705	7 467 875
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	125 511	125 511	138 360	125 511	125 511	125 511	138 360	138 360	138 360
Other assets	-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5 067 369	5 181 102	5 753 605	6 184 093	6 389 495	6 265 424	6 782 280	7 146 065	7 606 235
EXPENDITURE OTHER ITEMS									
<u>Depreciation & asset impairment</u>	107 768	112 694	231 254	186 997	276 000	275 968	232 700	244 568	256 552
<u>Repairs and Maintenance by Asset Class</u>	86 782	95 301	96 881	84 348	89 254	89 254	124 975	126 499	132 697
Infrastructure - Road transport	15 657	21 374	19 520	10 265	10 265	10 265	11 066	11 630	12 199
Infrastructure - Electricity	21 123	22 367	17 315	16 698	18 005	18 005	18 005	18 923	19 850
Infrastructure - Other	4 624	2 994	-	58	58	58	22 165	20 870	21 893
Infrastructure	70 761	75 309	74 096	53 164	54 471	54 471	79 179	80 792	84 750
Community	16 021	19 992	22 785	31 183	34 783	34 783	45 796	45 707	47 947
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	194 550	207 995	328 136	271 345	365 254	365 223	357 675	371 067	389 249
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	22.1%	45.2%	39.1%
Renewal of Existing Assets as % of deprecn"	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	47.9%	67.3%	70.2%
R&M as a % of PPE	1.8%	1.9%	1.7%	1.4%	1.4%	1.5%	1.9%	1.8%	1.8%
Renewal and R&M as a % of PPE	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	3.0%	4.0%	4.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. Due to substantial efforts, renewal of assets and repair and maintenance as a percentage of PPE has increased from 1.5 to 1.9 per cent in the 2013/14 financial year.

Table 25 MBRR Table A10 - Basic Service Delivery Measurement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Household service targets									
<u>Energy:</u>									
Electricity (at least min.service level)	24 300	24 300	24 300	53 140	53 140	53 140	80 094	79 802	79 676
Electricity - prepaid (min.service level)	26 300	26 300	26 300	66 946	66 946	66 946	67 616	68 408	69 034
<i>Minimum Service Level and Above sub-total</i>	50 600	50 600	50 600	120 086	120 086	120 086	147 710	148 210	148 710
Electricity (< min.service level)	18 162	18 162	18 162	21 000	21 000	21 000	14 780	13 808	13 296
Electricity - prepaid (< min. service level)	34 223	34 223	34 223	12 925	12 925	12 925	13 925	14 514	14 575
Other energy sources	27 376	27 376	27 376	2 555	2 555	2 555	1 586	1 469	1 420
<i>Below Minimum Service Level sub-total</i>	79 761	79 761	79 761	36 480	36 480	36 480	30 291	29 791	29 291
Total number of households	130 361	130 361	130 361	156 566	156 566	156 566	178 001	178 001	178 001
<u>Refuse:</u>									
Removed at least once a week	48 364	48 364	48 364	91 338	91 338	91 338	92 000	92 000	92 000
<i>Minimum Service Level and Above sub-total</i>	48 364	48 364	48 364	91 338	91 338	91 338	92 000	92 000	92 000
Removed less frequently than once a week				97	97	97	97	97	97
Using communal refuse dump				4 566	4 566	4 566	4 566	4 566	4 566
Using own refuse dump	81 997	81 997	81 997	60 565	60 565	60 565	81 338	81 338	81 338
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	81 997	81 997	81 997	65 228	65 228	65 228	86 001	86 001	86 001
Total number of households	130 361	130 361	130 361	156 566	156 566	156 566	178 001	178 001	178 001
<u>Households receiving Free Basic Service</u>									
Electricity/other energy (50kwh per household per month)	34 223	34 223	34 223	27 000	27 000	27 000	28 000	29 000	29 000
Refuse (removed at least once a week)	30 700	30 700	30 700	91 338	91 338	91 338	99 433	105 642	105 642
<u>Cost of Free Basic Services provided (R'000)</u>									
Electricity/other energy (50kwh per household per month)	855	903	7 908	12 418	12 418	12 418	7 000	7 357	7 717
Refuse (removed once a week)	1 223	1 293	975	2 647	2 647	2 647	3 024	3 179	3 335
Total cost of FBS provided (minimum social package)	3 996	4 228	15 534	24 413	24 413	24 413	22 121	23 251	24 389
<u>Highest level of free service provided</u>									
Property rates (R value threshold)	11 500	11 500	50 000	50 000	50 000	50 000	50 000	50 000	50 000
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	20	26	27	30	30	30	32	33	33
<u>Revenue cost of free services provided (R'000)</u>									
Property rates (R15 000 threshold rebate)		3 145	3 334	3 534	3 534	3 534	3 746	3 971	3 971
Property rates (other exemptions, reductions and rebates)	2 905	3 250	3 445	3 651	3 651	3 651	6 774	7 037	7 382
Electricity/other energy	6 181	9 109	9 655	12 418	12 418	12 418	7 000	7 357	7 717
Refuse	7 939	8 871	9 403	2 647	2 647	2 647	3 024	3 179	3 335
Other									
Total revenue cost of free services provided (total social package)	40 590	45 824	48 573	31 598	31 598	31 598	32 641	34 259	35 742

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – backlog will be reduced by 3012 households to 17865 over the MTREF. These households are largely found in rural areas.
 - b. Sanitation services – backlog will be reduced by 2369 to 49 829 households over the MTREF. The number of households with no toilet provision are found in rural areas..
 - c. Electricity services – backlog will be reduced by 931 households to 35 549 over the MTREF. These households are largely found in rural areas.
3. Refuse services – backlog will be reduced by 162 to 65 066 households over the MTREF. These households are largely found in rural areas.
4. The budget provides for 7000 households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities. The indigent subsidy for the 2013/14 year is set at R184.00 per month.
5. It is anticipated that these Free Basic Services will cost the municipality R22.1 million in 2013/14, increasing to R24.3 million in 2015/16 at current tariffs. This is covered by the municipality's equitable share allocation from national government.
6. In addition to the Free Basic Services, the Municipality also 'gives' households R32.6 million in free services in 2013/14, and increases at R35.7 million in 2015/16 at current tariffs. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2012. Key dates applicable to the process were:

- **August 2012** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **September 2012**- Review of provincial and governmental sector and strategic plans
- **October 2012**- Evaluate revenue projections for the MTEF and potential bulk services increases
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **December 2012**- Consolidate the Draft IDP
- **January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;

- **January 2013** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **January 2013** - Council considers the 2012/13 Mid-year Review and Adjustments Budget;
- **February 2013** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2013/14 MTREF is revised accordingly;
- **28 March 2013** - Tabling in Council of the draft 2013/14 IDP and 2013/14 MTREF for public consultation;
- **April 2013** – Public consultation;
- **May 2013** - Closing date for written comments;
- **May 2013** – finalisation of the 2013/14 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Act and financial framework; and
- **30 May 2013** - Tabling of the 2013/14 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

A third generation IDP document has been compiled and it started in July 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 have been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

2013/2014 IDP/BUDGET REVIEW COMMUNITY AND STAKEHOLDER CONSULTATION

Section 16 of Municipal Systems Act (32 of 2000) mandate municipalities to develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in:

- The preparation, implementation and review of its Integrated Development Plan (IDP).
- The establishment, implementation and review of its Performance Management System(PMS);
- Monitoring and review of its performance, including the outcomes and impact of such performance;
- The preparation of its budget;
- Strategic decision relating to the provision of municipal services.

Section 152 of the Constitution (108 of 1996) provides objectives of local government. One of the objectives is to encourage the involvement of communities and community organizations in the matters of local government.

In line with the above-mentioned legislative mandate, Polokwane Municipality did undertake the IDP/Budget review consultation process from April 2013. Polokwane municipality is made up of thirty-eight (38) wards, which are grouped into four clusters for administrative purpose, namely;

- Mankweng/ Sebayeng/Dikgale;

- Maja/Chuene/Molepo;
- Moletjie and;
- City/Seshego Cluster;

For effective and efficient public participation process, the 2013-14 IDP/Budget Review consultation process has been conducted during April 2013.

The Executive Mayor with the members of Mayoral Committee and Management team did convene consultation meetings with communities and stakeholders in all clusters as indicate above. The needs of the community are in order of priority.

The previous financial years overall top three priority needs can be summarized as follows:

- Water
- Roads
- Electricity

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects have been addressed, and where relevant considered as part of the finalisation of the 2013/14 MTREF

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- NSDP
- Green Paper on National Strategic Planning of 2009;
- MTSF
- Government Programme of Action;
- New Growth Path
- Development Facilitation Act of 1995;
- Limpopo Employment , Growth and Development Plan
- Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 26 IDP Strategic Objectives

PRIORITY NUMBER	2012/2013	2013/2014
1.	Developmental Planning	Developmental Planning
2.	Leadership	Leadership
3.	Financial Management and Strong Revenue Base	Financial Management and Strong Revenue Base
4.	Environmental Management planning	Environmental Management planning
5.	Spatial Planning and Economic Development	Spatial Planning and Economic Development
6.	Housing Entity	Housing Entity

7.	Human resources planning	Human resources planning
8.	Community Participation	Community Participation

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide Municipality planning services; and
 - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective Municipality cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Polokwane principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Polokwane in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole;
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the 2012/13 revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and

- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

The key performance areas can be summarised as follows against the five strategic objectives
The strategic objectives are aligned to the balance scorecard methodology:

Strategic Objective	Strategy Outcome
Facilitate, Care and Support for Communities	Safe and Healthy Communities
Create a Conducive Economic Environment	Sustainable Economic Growth and Job Opportunities
Enhance Revenue and Assets Base	Financial Viability
Preserve Natural Resources	Liveable Habitat
Develop and Refurbish Infrastructural Services	Reliable and Sustainable Infrastructural Services
Plan Sustainable Integrated Settlements	Quality Living
Practice Good Governance	Organisational Excellence
Invest in Human Capital and Retain Skills	Effective and Efficient Workforce

Table 27 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
R thousand										
Develop and refurbish infrastructural services	Water and sanitation	150 599	168 055	204 814	293 833	314 834	312 842	335 958	358 366	381 573
	Energy services	369 183	415 882	559 547	609 339	650 339	650 339	699 481	769 343	846 184
	Transport infrastructure	–	1	–	21 160	21 160	44	17 793	22 305	28 822
Create a conducive economic environment	Economic development and tourism	–	–	–	1 011	1 011	337	1 082	1 137	1 193
	City and regional planning	31 004	23 906	7 347	57 705	57 705	57 705	6 001	6 260	6 521
	Transport operations	–	–		–	–	–			
	Sports and Recreation	775	931	1 687	1 186	1 186	1 186	32 769	2 910	3 053
	Community health services	–	–		–	–	–			
Facilitate, care and support communities	Fire and emergency services	272	233	158	253	253	253	271	285	298
	Arts and Culture	412	413	427	451	451	451	482	507	531
	Traffic and licence	21 025	25 262	26 851	28 828	28 828	28 828	30 636	32 198	33 776
	Facility management	252	272	304	783	783	783	826	868	911
	Disaster management	–	–		–	–	–			
	Community safety and security	–	–		–	–	–			
	Control centre	2	5		8	8	8	8	9	9
	Special focus (community programmes)	–	–		–	–	–			
Invest in human capital and retain skills	Human resources	530	1 210	2 136	1 511	4 511	4 511	3 985	3 012	3 013
Practice good governance	Internal audit	–	–		–	–	–			
	Risk management	–	–		–	–	–			
	IDP	–	–		–	–	–			
	Project management	–	–		–	–	–			
	Performance management	–	–		–	–	–			
	Information sysytems	–	1	–	1	1	1	1	1	1
	Legal services	–	–		–	–	–			
	Secretariat	–	–		–	–	–			
	Mechanical services	–	–		–	–	–			
	Councillor support , Traditional Affairs and public participation	–	–		–	–	–			
	Communication and marketing	–	–		–	–	–			
	Executive mayor's office	–	–		–	–	–			
	Municipal manager's office	–	–		–	–	–			
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributions)		1 518 887	1 506 049	1 798 489	2 155 703	2 318 381	2 285 600	2 448 740	2 376 627	2 614 903

Table 28 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
R thousand										
Develop and refurbish infrastructural services	Water and sanitation	207 475	243 759	250 536	241 909	255 006	254 099	304 313	321 709	340 428
	Energy services	323 803	408 872	482 245	535 406	547 240	546 750	588 677	633 672	681 839
	Transport infrastructure	58 983	66 318	95 913	72 512	96 488	96 575	60 188	63 523	66 959
Create a conducive economic environment	Economic development and tourism	12 696	17 044	14 482	17 254	16 382	16 293	19 054	20 220	21 488
	City and regional planning	10 691	11 906	12 971	14 561	14 889	14 837	16 917	17 909	18 945
	Transport operations	–	–	–	7	36 007	20 293	19 304	3 261	3 472
	Sports and Recreation	142 953	87 774	145 420	119 476	124 239	123 854	163 082	140 173	147 414
Facilitate, care and support communities	Fire and emergency services	22 936	23 639	24 444	24 640	25 065	24 880	28 179	29 897	31 705
	Arts and Culture	24 468	20 420	24 954	26 056	26 733	26 701	29 150	30 866	32 658
	Traffic and licence	40 186	43 365	41 488	42 034	42 920	42 881	45 790	48 683	51 750
	Facility management	28 520	28 552	28 049	39 506	39 365	35 481	37 822	40 045	42 326
	Disaster management									
	Community safety and security	19 083	28 929	40 803	46 220	50 875	50 772	52 633	55 552	58 561
	Control centre									
	Special focus (community programmes)	–	–							
Invest in human capital and retain skills	Human resources	22 290	6 003	38 260	58 139	45 156	41 571	66 994	71 688	75 756
Practice good governance	Internal audit	69	60	3 501	4 941	4 964	4 866	6 067	6 409	6 763
	Risk management	57	62	2 451	2 789	2 402	2 300	2 565	2 710	2 859
	IDP	3 039	4 896	4 475	4 183	3 206	3 193	4 210	4 464	4 731
	Project management	3 829	3 729	4 881	6 168	5 840	5 827	6 540	6 934	7 347
	Performance management	–	–	–	807	1 231	684	792	833	875
	Information systems	(209)	1 175	17 897	24 104	24 945	24 881	26 042	27 461	28 917
	Legal services	4 865	6 574	7 137	8 930	7 286	7 249	8 774	9 290	9 828
	Secretariat	972	1 025	9 110	9 428	10 227	10 215	11 237	11 903	12 600
	Mechanical services	10 483	13 558	10 259	50 765	48 999	31 891	51 613	54 349	57 140
	Councillor support , Traditional Affairs and public participation	1 424	–	0	3 354	2 290	6 223	21 955	2 707	2 335
	Communication and marketing	748	452	17 407	10 685	13 884	14 119	14 486	15 328	16 205
	council & Executive mayor's office	31 247	44 615	107 683	90 890	97 491	94 475	102 362	115 715	124 086
	Municipal manager's office	103	2 174	2 557	2 970	3 876	3 804	2 824	3 003	3 192
Allocations to other priorities										
Total Expenditure		1 134 870	1 213 741	1 623 459	1 673 462	1 785 959	1 737 922	1 944 707	2 001 145	2 124 082

Table 29 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
R thousand										
Develop and refurbish infrastructural services	Water and sanitation	231,975	98,954	126,350	188,067	273,766	273,766	163,500	169,235	230,603
	Energy services	21,387	51,788	58,652	40,000	59,256	61,252	51,500	54,800	75,300
	Transport infrastructure	176,559	72,818	114,099	140,850	179,663	179,663	61,750	113,750	127,750
	Waste management	3,205	629	346	-	-	-	8,950	-	-
	Community health services	29	-	-						
Facilitate, care and support communities	Fire and emergency services				-	350	350			
	Arts and Culture							300	1,700	600
	Traffic and licence									
	Facility management				-			5,500		2,000
	Disaster management							1,000		
	Community safety and security	5,781	19,340	-	-	600	600			
	Control centre									
	Special focus (community programmes)	6,228	2,249	726	-	1,006	1,006			
Invest in human capital and retain skills	Human resources									
Practice good governance	Internal audit									
	Risk management									
	IDP									
	Project management									
	Performance management									
	Information systems	36,077	13,357	22,394	6,500	8,157	8,157	5,500	4,500	8,417
	Legal services									
	Secretariat									
	Mechanical services									
	Councillor support , Traditional Affairs and public participation									
	Communication and marketing							50		
	Executive mayor's office									
	Municipal manager's office									
Allocations to other priorities										
Total Capital Expenditure		897,181	287,886	354,503	485,070	533,804	535,800	504,007	363,785	460,170

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

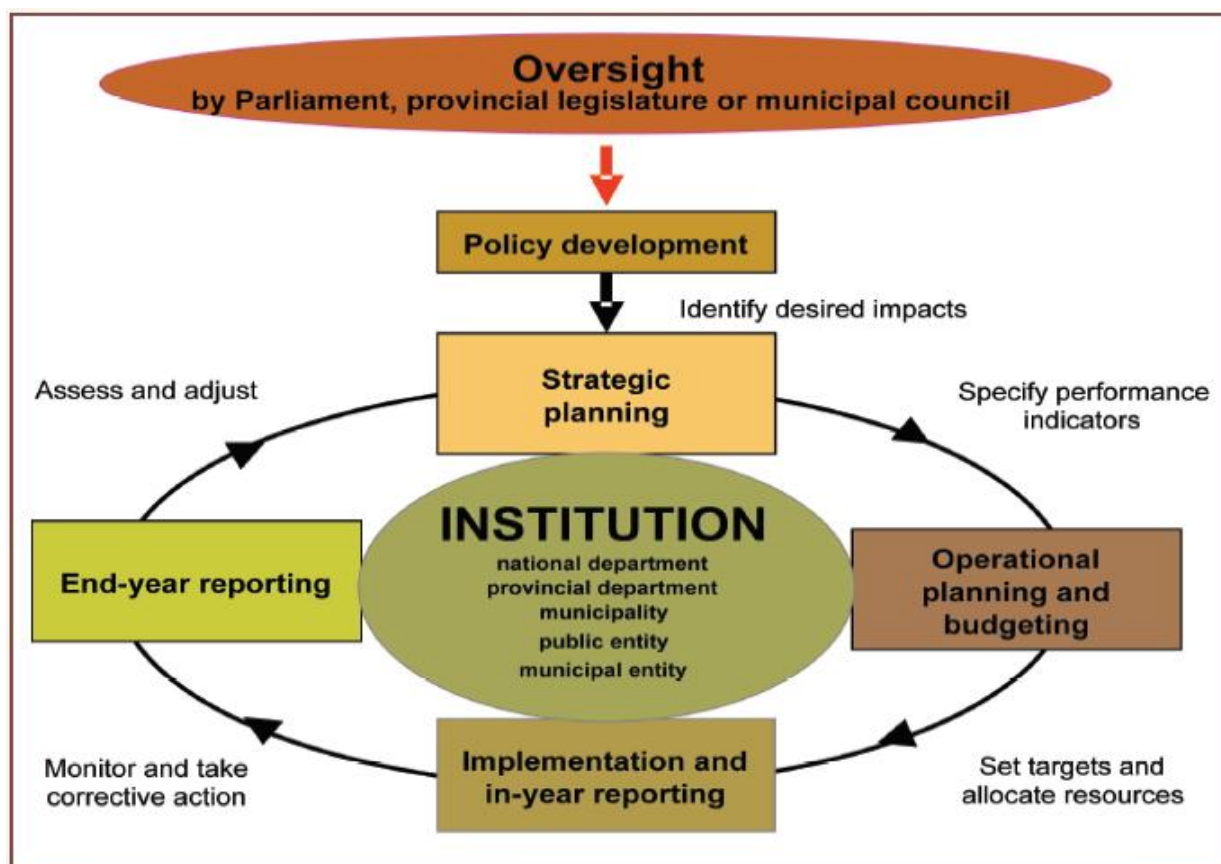


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

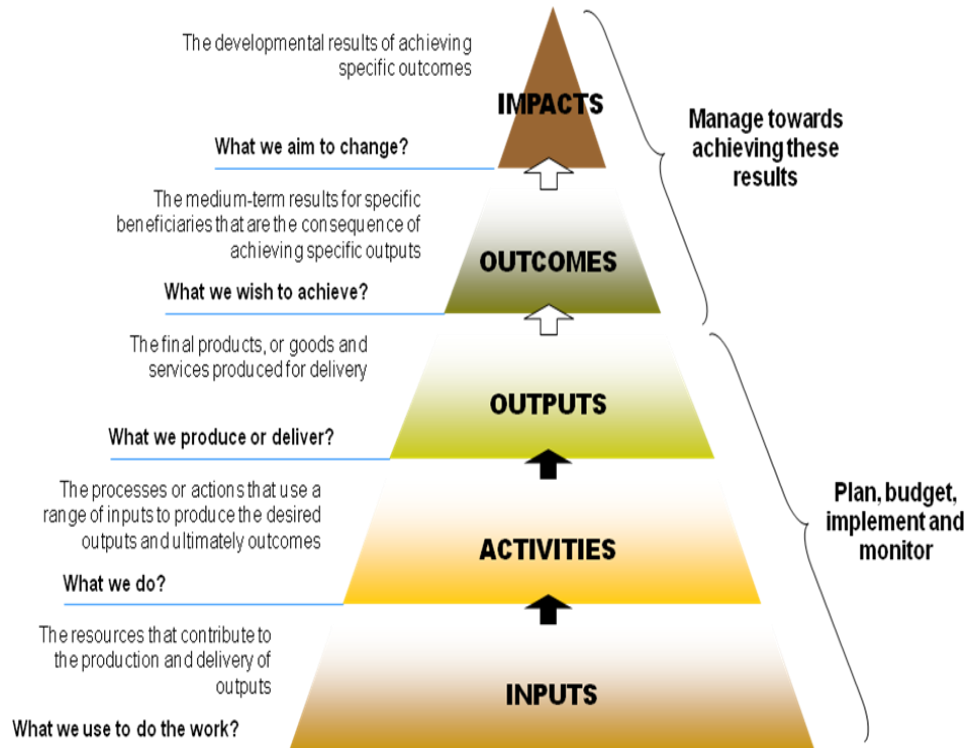


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 30 MBRR Table SA7 - Measurable performance objectives

KEY FINANCIAL RATIOS/INDICATORS		
Financial Benchmarks	Basis of Calculation	2011/12
Debt to Asset Ratio	Total Debt/Total Assets	0.14:1
Debt to Revenue	Total Debt/Annual Income	0.53:1
Average Interest Paid on Debt	Interest Paid/Total Interest Bearing Debt	0.09:1
Capital Charges to Operating Expenditure	Interest & Principal Paid/Operating Expenditure	0.01:1
Interest as a % of Operating Expenditure	Interest Paid/Operating Expenditure	1.89%
Current Ratio	Current Assets/Current Liabilities	1.3:1
Creditors System Efficiency	% of Creditors Paid within terms	99%
Electricity Distribution Losses	Total Units Purchased less Total Units Sold/Total Units Purchased	13%

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 31 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.9%	0.5%	1.8%	3.5%	3.2%	3.3%	3.3%	3.0%	2.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.6%	0.6%	2.5%	4.2%	4.0%	4.1%	4.3%	3.8%	3.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	14.7%	71.6%	38.2%	86.4%	86.4%	86.4%	28.9%	24.1%	19.2%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	0.7	1.2	1.4	1.5	1.5	1.6	1.6	1.6	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	1.2	1.4	1.5	1.5	1.6	1.6	1.6	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.5	0.6	0.8	0.8	0.8	0.7	0.7	0.7
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		87.5%	106.4%	78.2%	95.4%	95.6%	97.7%	99.7%	99.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			78.9%	106.1%	82.1%	95.2%	95.5%	97.5%	98.8%	98.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	20.9%	18.7%	23.1%	13.3%	12.2%	13.0%	16.6%	16.4%	14.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))							100.0%	100.0%	100.0%
Creditors to Cash and Investments		-239.4%	3440.1%	1937.4%	113.6%	63.6%	63.6%	73.2%	35.8%	22.6%

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)									
	Total Cost of Losses (Rand '000)									
Water Distribution Losses (2)	Total Volume Losses (kℓ)									
	Total Cost of Losses (Rand '000)									
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.7%	27.3%	24.7%	24.7%	20.7%	21.8%	22.7%	23.1%	22.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.5%	30.2%	27.2%	25.9%	21.9%	23.1%	24.2%	24.6%	24.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.7%	7.5%	6.2%	4.8%	4.6%	4.9%	6.3%	6.1%	5.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.7%	9.3%	16.8%	12.4%	15.9%	16.9%	13.2%	13.0%	12.3%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	29.4	21.7	19.6	22.7	22.7	22.7	22.0	23.5	25.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	30.8%	27.4%	33.6%	18.9%	17.8%	17.9%	22.9%	21.9%	20.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(1.4)	0.1	0.1	1.7	3.0	3.0	2.3	4.5	6.7

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Polokwane City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. The cost of borrowing decreases from 3.3% to 2.8% over the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. The gearing ratio should not exceed 50 per cent as a prudential limit, hence, over the 2013/14 MTREF the ratio decreases to 19.2 per cent by 2015/16.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.6 and 1.6 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 0.7. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the City. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 99 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the City, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the City's business.

2.3.1.6 Other Indicators

- Repairs and maintenance as percentage of operating expenditure is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the City's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

For the 2012/13 financial year 7 400 registered indigents have been provided for in the budget with this figured increasing to 7938 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, sanitation and free waste removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 25 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 45 per cent of the City's bulk water needs are provided directly by Lepelle Water in the form of purified water. The remaining 55 per cent is generated from the Ebenezer Water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Lepelle Water and the Municipality were awarded Blue Drop status in 2011/12, indicating that the City's drinking water is of exceptional quality

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

- 2.4.1 Budget Policy
- 2.4.2 Supply Chain Management Policy
- 2.4.3. Rates Policy
- 2.4.4 Tariff Policy
- 2.4.5 Credit Control & Debt Collection Policy
- 2.4.6 Subsistence & Travel Policy
- 2.4.7 Leave Policy
- 2.4.8 Virement Policy
- 2.4.9 Funding and Reserves Policy
- 2.4.10 Cash Management and Investment Policy
- 2.4.11 Asset Management Policy
- 2.4.12 Borrowing Policy
- 2.4.13 Indigent Policy
- 2.4.14 Petty Cash Policy

The promulgation of the Municipal Budget and Reporting Regulations in Government Gazette No. 32141 dated 17 April 2009 is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirement for insuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the MFMA.

These regulations are effective for all Municipalities from 1 July 2010 and the budget has been compiled accordingly to be in full compliance from 1 July 2010.

In terms of section 7 of these regulations the Municipal Manager must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1)(b) of the Act.

2.4.1 BUDGET POLICY

The budget policy is there to assist Mayors, Councillors, Accounting Officers and Senior Managers in dealing with the changes brought about by the Municipal Finance Management Act No 56 of 2003. This policy provides a framework within which Senior Management can compile, control and review budgets of their respective departments to ensure effective financial management

2.4.2 SUPPLY CHAIN MANAGEMENT POLICY

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

This policy is within the framework of the relevant legislation and regulations. The policy ascribes to the following principles:

A procurement system which is fair, equitable, transparent, competitive and cost-effective in terms of section 217 of the Constitution of South Africa No. 108 of 1996

As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations

Best practices in supply chain management

Uniformity in supply chain management systems between organs of state in all spheres

Broad Based Black Economic Empowerment

2.4.3 RATES POLICY

Section 5(1) of the Municipal Property Rates Act, No. 6 of 2004 states that a municipal council must annually review, and if necessary, amend its rates policy. Any amendments must accompany the municipality's annual budget when it is tabled in the Council. The policy is designed to ensure equitable treatment by Council in the levying of rates on property owners, including owners under sectional title, as well as other persons who may become liable for the payment of rates.

2.4.4 TARIFF POLICY

The Municipal Systems Act, No 32 of 2000, requires a municipality to have a tariff determination policy. The challenge in setting tariffs lies in striking a balance between maintaining financial sustainability of the relevant departments (and so the sustainability of service provision) and ensuring affordability of those services by consumers. The municipality's tariff policy provides a broad framework where the Council can determine fair, transparent and affordable service charges that also promote sustainability of service provision. The policy is based on principles that address the social, economic and financial imperatives that the process of tariff setting should take account of.

2.4.5 CREDIT CONTROL & DEBT COLLECTION POLICY

The municipality's credit control and debt collection policy provides the procedures and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.

2.4.6 SUBSISTENCE AND TRAVEL POLICY

The purpose of this policy is to determine guidelines for Councillors and officials for the payment of travelling and subsistence allowances when performing official functions on behalf of the Municipality.

2.4.7 LEAVE POLICY

The leave policy's goal is to ensure that the services rendered by this municipality to the community are efficient, effective and uninterrupted.

The objections are as follows:

- (i) Ensure continuity in operational requirements of the organisation while other employees are on leave.
- (ii) To develop a better understanding regarding leave policy and procedure.
- (iii) Ensure the development of clearly written administrative policy and procedure.
- (iv) To ensure proper and accurate record keeping.
- (v) To ensure that the private and confidential information is maintained.
- (vi) Ensure that leave policy respond effectively to crisis and emergency situations.

2.4.8 VIREMENT POLICY

This policy's objective is to allow flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

2.4.9 FUNDING AND RESERVES POLICY

The funding and reserves policy is aimed at ensuring that the municipality procures sufficient and cost effective funding in order to achieve it's capital expenditure objectives in a optimum manner. The policy is adhered to in the procurement of funding for the municipality having due regard to the assets and liability maturity profile of the municipality

2.4.10 CASH MANAGEMENT AND INVESTMENT POLICY

Section 13(2) of the MFMA requires that a municipality have a policy dealing with cash management and investment. The municipality's cash management and investment policy is developed within the framework of the MFMA.

2.4.11 ASSET MANAGEMENT POLICY

To ensure the effective and efficient control of the municipality's assets through

- (a) proper recording of assets from authorisation to acquisition and to subsequent disposal;
- (b) providing for safeguarding procedures, and
- (c) setting proper guidelines as to authorised utilization
- (d) and prescribing for proper maintenance.

To assist officials in understanding their legal and managerial responsibilities with regard to assets.

2.4.12 BORROWING POLICY

The objectives of this Policy are to:-

manage interest rate and credit risk exposure;
maintain debt within specified limits and ensure adequate provision for the repayment of debt;
to ensure compliance with all Legislation and Council policy governing borrowing of funds.

2.4.13 INDIGENT POLICY

The objectives of this Policy are to:-

Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;

Determine the criteria for qualification of Indigent and poor households;

Ensure that the criteria is applied correctly and fairly to all applicants;

Allow the municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;

Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

2.4.14 PETTY CASH POLICY

Compliance with the regulatory framework in terms of the relevant legislation is required.

2.5 Overview of budget assumptions

2.5.1 External factors

The South African economy has averaged about 2.5 per cent growth a year since 2010. Against the background of the slowdown in the global economy, real GDP growth is likely to fall to about 2.1 per cent in 2013.

A recovery of up to 2.5 per cent and 3.0 per cent growth in 2014 and 2015 is expected, but these are modest rates of expansion relative to the social and developmental challenges we face and the opportunities that our mineral wealth and human capabilities offer.

There was a welcome recovery in job creation during 2011, but unemployment has not yet returned to its 2008 peak and the unemployment rate remains high at 25 per cent.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;

- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 23% per cent of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC has been concluded with the municipal workers unions and must be noted. Provision was made for a 6.85% increase.

2.5.3 Credit rating outlook

Table 32 Credit rating outlook

Security class	Currency	Rating	Annual rating 2010/11	Previous Rating
Short term	Rand	Prime -1	20 September 2005	A2
Long-term	Rand	Aa3	20 September 2005	BBB

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2013/14 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2014/15 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and makes provision for an increase equal to the average CPI plus 1.25% in 2013/14. An across the board increase of 6.85 per cent has been provided for as per Circular 67 from National Treasury.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 60 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 33 Breakdown of the operating revenue over the medium-term

Description R thousand	2013/14 Medium Term Revenue & Expenditure Framework					
	2013/14	%	2014/15	%	2015/16	%
Property Rates	279,863	14.2%	294,136	14.3%	308,549	13.7%
Penalties Imposed	-	0.0%	-	0.0%	-	0.0%
User Charges for Services	1,091,701	55.4%	1,187,948	57.6%	1,292,135	57.4%
Rent of Facilities & Equipment	17,566	0.9%	18,461	0.9%	19,366	0.9%
Interest Earned- External Investments	12,500	0.6%	12,500	0.6%	12,500	0.6%
Interest Earned- Outstandind Debtors	18,000	0.9%	18,000	0.9%	18,000	0.8%
Fines	6,087	0.3%	6,399	0.3%	6,714	0.3%
Licences & Permits	8,516	0.4%	8,951	0.4%	9,389	0.4%
Agency Services	14,770	0.7%	15,523	0.8%	16,284	0.7%
Operating Grants & Subsidies	486,936	24.7%	467,302	22.7%	531,170	23.6%
Other Income	33,592	1.7%	33,121	1.6%	35,643	1.6%
Total Operating Revenue	1,969,533	100.0%	2,062,342	100.0%	2,249,751	100.0%
Total Operating Expenditure	1,944,707		2,001,145		2,124,082	
Surplus/(Deficit)	24,826		61,197		125,669	

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, solid waste removal, property rates, operating grants from organs of state and other minor charges (such as building plan fees, licenses, fines and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

Table 34 Proposed tariff increases over the medium-term

Revenue category	2013/14 proposed tariff increase	2014/15 proposed tariff increase	2015/16 proposed tariff increase	2013/14 additional revenue for each % tariff increase	2014/15 additional revenue owing to % tariff increase	2015/16 additional revenue owing to % tariff increase
	%	%	%	R'000	R'000	R'000
Property rates	8	6	6	R25881	R14273	R14413
Sanitation	7	6	6	R4835	R3423	R3457
Solid Waste	7	6	6	R6001	R4110	R4277
Water	7	6	6	R20281	R18984	R19751
Electricity	7	8	8	R49142	R69862	R76841
Total				R106140	R110652	R118739

Revenue to be generated from property rates is R279.8 million in the 2013/14 financial year and increases to R308.5 million by 2015/16 which represents 14.2 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections and appeals, although the Valuations Appeals Board has dealt with a limited number of these it is anticipated that the process will only be concluded during the 2013/14 MTREF. As the levying of property rates is considered a strategic revenue source further supplementary valuation processes will be undertaken in the 2013/14 MTREF. A new General Valuation Roll will be compiled in the 2013/14 MTREF for implementation from 1 July 2014. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R1.091 billion for the 2013/14 financial year and increasing to R1.292 billion by 2015/16. For the 2013/14 financial year services charges amount to 55.4 per cent of the total revenue base and increases to 57.4 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R486.9 million, R467.3 million and R531.1 million for each of the respective financial years of the MTREF, or 24.7, 22.6 and 23.6 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are decreasing over the MTREF by 4 per cent and increase by 13.6 per cent for the two outer years respectively. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 35 MBRR SA15 – Detail Investment Information

Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank		160 993	223 808	240 137	240 137	240 137	200 000	200 000	200 000
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)	59 000	59 000	59 000	59 000	59 000	59 000	59 000	59 000	59 000
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	59 000	219 993	282 808	299 137	299 137	299 137	259 000	259 000	259 000
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	59 000	219 993	282 808	299 137	299 137	299 137	259 000	259 000	259 000

Table 36 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months								Rand thousand	
Parent municipality										
Standard Bank	2 Years	Fixed deposit	Yes	Variable	5	No	N/A	16 April 2015	59 000	2 950
Standard Bank	3 Months	Call deposit	No	Fixed	5.13	No	N/A	21 September 2013	50 000	2 365
ABSA	3 Months	Call deposit	No	Fixed	5.12	No	N/A	21 September 2013	50 000	2 360
		Call deposit								
NED	3 Months	Call deposit	No	Fixed	5.2	No	N/A	21 September 2013	50 000	2 400
FNB	3 Months	Call deposit	No	Fixed	5.05	No	N/A	21 September 2013	50 000	2 325
Municipality sub-total									259 000	12 400
TOTAL INVESTMENTS AND INTEREST									259 000	12 400

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R24.8 million, R61.1 million and R125.6 million in each of the financial years. This surplus is intended

to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds although this is not at all sufficient.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 37 Sources of capital revenue over the MTREF

Description R thousand	2013/14 Medium Term Revenue & Expenditure Framework					
	2013/14	%	2014/15	%	2015/16	%
Funded By:						
National Government	479,207		314,285		365,153	
Provincial Government						
Transfers recognised - capital	479,207	95.1%	314,285	86.4%	365,153	79.4%
Public contributions & donations	-		-		-	
Borrowing	-		-		-	
Internally generated funds	24,800	4.9%	49,500	13.6%	95,017	20.6%
Total Capital Funding	504,007	100%	363,785	100%	460,170	100%

Capital grants and receipts equates to 95.1 per cent of the total funding source which represents R504 million for the 2013/14 financial year and amounts to R460.1 million or 79.4 per cent by 2015/16.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 38 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Parent municipality									
Long-Term Loans (annuity/reducing balance)	54 474	257 078	298 588	310 169	310 169	310 169	225 862	188 613	150 401
Municipality sub-total	54 474	257 078	298 588	310 169	310 169	310 169	225 862	188 613	150 401
Total Borrowing	54 474	257 078	298 588	310 169	310 169	310 169	225 862	188 613	150 401

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R24.8 million in 2013/14, R49.5 in 2014/15 and R95 million in 2015/16.

Table 39 MBRR Table SA 18 - Capital transfers and grant receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
RECEIPTS:									
<u>Operating Transfers and Grants</u>									
National Government:	323 394	390 308	367 856	396 805	485 231	485 231	480 836	467 302	531 170
Equitable share	246 638	307 859	350 705	388 232	388 232	388 232	415 990	454 995	518 016
Finance Management	750	1 000	1 250	1 500	1 500	1 500	1 650	1 800	1 950
Department of Water Affairs	20 806	19 132	13 111	3 273	3 273	3 273			
Municipal Systems Improvement	400	750	790	800	800	800	890	930	967
Public Transport		36 567			82 980	82 980	19 304		
Department Sport & Recreation			2 000						
2010 FIFA Host City Operating Grant	54 800						30 000		
Infrastructure skills development fund				3 000	3 000	3 000	3 200	4 240	4 494
Expanded public works programme incentive grant					5 446	5 446	4 614		
FIFA Local Organizing Committee		25 000							
Municipal Infrastructure (MIG)							5 188	5 337	5 743
Provincial Government:	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	15 000	6 100	6 100	6 100	6 100	-	-
<i>National Lottery</i>			15 000	6 100	6 100	6 100	6 100		
Total Operating Transfers and Grants	323 394	390 308	382 856	402 905	491 331	491 331	486 936	467 302	531 170
<u>Capital Transfers and Grants</u>									
National Government:	222 505	164 114	241 001	381 663	379 915	379 915	479 207	314 285	365 153
Municipal Infrastructure (MIG)	129 803	151 829	153 679	221 514	332 913	332 913	237 000	261 535	281 403
Public Transport	61 146	5 250	43 820	98 703	-		179 457		
Sport and Recreation	21 719	-							
Water Affairs	9 837	-	6 407				10 000		6 000
Integrated national electrification programme grant			8 120	16 000	16 000	16 000	35 000	35 000	60 000
Expanded public works programme incentive grant		7 035	2 743	5 446	2 465	2 465			
Electricity Demand Side Management			9 232	10 000	10 538	10 538	10 000	5 000	
Neighbourhood development partnership grant			17 000	30 000	18 000	18 000	7 750	12 750	17 750
Provincial Government:	-	-	-	6 407	6 407	6 407	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	40 607	21 961	1 506	-	-	-	-	-	-
<i>Anglo Platinum</i>			1 506						
<i>Eskom</i>		1 961							
Total Capital Transfers and Grants	263 112	186 075	242 507	388 070	386 322	386 322	479 207	314 285	365 153
TOTAL RECEIPTS OF TRANSFERS & GRANTS	586 506	576 383	625 363	790 975	877 653	877 653	966 143	781 587	896 323

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 40 MBRR Table A7 - Budget cash flow statement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		643,965	970,087	949,491	1,291,051	1,367,051	1,367,051	1,367,051	1,452,097	1,564,540	1,688,080
Government - operating	1	364,356	358,909	367,485	402,905	491,331	491,331	491,331	486,936	467,302	531,170
Government - capital	1	360,194	131,083	250,160	388,070	386,322	386,322	386,322	479,207	314,285	365,153
Interest		49,307	28,922	42,233	33,677	33,677	33,677	33,677	30,500	30,500	30,500
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1,034,055)	(1,163,088)	(1,224,034)	(1,411,625)	(1,387,022)	(1,387,022)	(1,387,022)	(1,644,852)	(1,685,283)	(1,791,272)
Finance charges		(23,627)	(13,073)	(29,427)	(31,486)	(31,486)	(31,486)	(31,486)	(27,155)	(23,747)	(21,158)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		360,141	312,840	355,908	672,592	859,873	859,873	859,873	776,733	667,597	802,473
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		4,769	1,847	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		(12,331)	2,690	13,599	2,000	2,000	2,000	2,000	14,000	14,000	14,000
Decrease (increase) other non-current receivables		82,393		(59,000)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		213,139	(160,993)	(3,815)	-	-	-	-	-	-	-
Payments											
Capital assets		(897,181)	(287,886)	(354,503)	(485,070)	(533,804)	(533,804)	(533,804)	(504,007)	(363,785)	(460,170)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(609,212)	(444,342)	(403,719)	(483,070)	(531,804)	(531,804)	(531,804)	(490,007)	(349,785)	(446,170)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			226,634	49,367	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		5,620	5,760	4,476	3,000	3,000	3,000	3,000	5,000	5,000	5,000
Payments											
Repayment of borrowing		(32,332)	-		(26,507)	(26,507)	(26,507)	(26,507)	(36,363)	(36,806)	(37,509)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(26,712)	232,394	53,843	(23,507)	(23,507)	(23,507)	(23,507)	(31,363)	(31,806)	(32,509)
NET INCREASE/ (DECREASE) IN CASH HELD		(275,782)	100,892	6,032	166,015	304,562	304,562	304,562	255,363	286,006	323,794
Cash/cash equivalents at the year beginning	2	180,132	(95,650)	5,241	10,000	176,015	480,577	176,015	18,000	273,363	559,369
Cash/cash equivalents at the year end	2	(95,650)	5,241	11,274	176,015	480,577	785,139	480,577	273,363	559,369	883,163

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		226 634	49 367	-	-	-	-	-	-
Increase (decrease) in consumer deposits	5 620	5 760	4 476	3 000	3 000	3 000	5 000	5 000	5 000
Payments									
Repayment of borrowing	(32 332)	-		(26 507)	(26 507)	(26 507)	(36 363)	(36 806)	(37 509)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(26 712)	232 394	53 843	(23 507)	(23 507)	(23 507)	(31 363)	(31 806)	(32 509)
NET INCREASE/ (DECREASE) IN CASH HELD	(275 782)	100 892	6 032	166 015	304 562	304 562	255 363	286 006	323 794
Cash/cash equivalents at the year begin:	180 132	(95 650)	5 241	10 000	10 000	10 000	18 000	273 363	559 369
Cash/cash equivalents at the year end:	(95 650)	5 241	11 274	176 015	314 562	314 562	273 363	559 369	883 163

The above table shows that cash and cash equivalents of the Municipality increased between the 2009/10 and 2012/13 financial year moving from a negative cash balance of R95.6 million to a surplus of R480.5 million with the approved 2012/13 MTREF. With the 2012/13 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality.

For the 2013/14 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to improve to R273.3 million positive by 2013/14 and increasing to R883.1 million by 2015/16.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not

appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 41 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	(95,650)	5,241	11,274	176,015	480,577	785,139	480,577	273,363	559,369	883,163
Other current investments > 90 days		59,000	219,993	282,808	128,122	(176,440)	(468,002)	(163,440)	(4,363)	(290,369)	(614,163)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		(36,650)	225,235	294,081	304,137	304,137	317,137	317,137	269,000	269,000	269,000
Application of cash and investments											
Unspent conditional transfers		79,022	166,832	174,567	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	62,991	(49,967)	(70,762)	(4,861)	(5,406)	(9,804)	(9,804)	(115,839)	(125,884)	(121,106)
Other provisions											
Long term investments committed	4	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000
Reserves to be backed by cash	5										
Total Application of cash and investments		201,012	175,865	162,805	154,139	153,594	149,196	149,196	43,161	33,116	37,894
Surplus(shortfall)		(237,663)	49,370	131,277	149,998	150,543	167,941	167,941	225,839	235,884	231,106

From the above table it can be seen that the cash and investments available total R269 million positive in the 2013/14 financial year and remains at R269 million positive by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2012/13 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2013/14 financial year no provision has been made for this liability as the total unspent conditional grant liability has been factored into the 2013/14 capital programme of the Municipality. The Municipality has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The liability in this regard totalled R0 million for the 2013/14 financial year.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2012/13 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Against other provisions no amount has been provided for the 2013/14 financial year. This liability is informed by, amongst others, the supplementary pension liability.
- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a deficit against the cash backed and accumulated surpluses reconciliation. The level of non cash-backing progressively increased over the period 2012/13 to 2015/16. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the Municipality. As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives. It is aimed that by 2015/16 this deficit would have been significantly reduced translating into a surplus. It needs to be noted that for all practical purposes the 2012/13 MTREF was unfunded when considering the funding requirements of section 18 and 19 of the MFMA. The 2013/14 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 42 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(95,650)	5,241	11,274	176,015	480,577	785,139	480,577	273,363	559,369	883,163
Cash + investments at the yr end less applications - R'000	18(1)b	2	(237,663)	49,370	131,277	149,998	150,543	167,941	167,941	225,839	235,884	231,106
Cash year end/monthly employee/supplier payments	18(1)b	3	(1.4)	0.1	0.1	1.7	4.6	7.6	4.6	2.3	4.5	6.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	384,017	292,308	175,030	482,241	532,422	547,678	539,179	504,033	375,482	490,822
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	(0.3%)	0.8%	3.7%	3.3%	3.1%	3.1%	3.1%	2.9%	3.3%	3.4%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	100.0%	100.0%	100.0%	99.6%	99.6%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	136.6%	35.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	1.3%	52.5%	(34.7%)	0.0%	0.0%	0.0%	38.7%	3.5%	(1.5%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	7.4%	3.2%	(30.8%)	0.0%	0.0%	0.0%	42.8%	(1.4%)	(1.2%)
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.8%	1.9%	1.7%	1.4%	1.4%	1.5%	2.0%	1.9%	1.8%	1.8%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2013/14 MTREF shows R273.3 million, R559.3 million and R883.1 million positive for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 23. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2009/10 to 2012/13, moving from (1.4) to 3.0 with the adopted 2012/13 MTREF. As part of the 2013/14 MTREF the municipalities decreasing cash position causes the ratio to move to 2.3 and then increases to 6.7 for the 2015/16 year. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards three months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF the indicative outcome is a surplus of R504 million, R375.4 million and R490.8 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 0, 0 and 0 per cent for the respective financial year of the 2013/14 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 8 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that

the outcome is at 0, 0 and 0 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 68 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 2.9, 3.3 and 3.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 0 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 58 MBRR SA34C.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 57 MBRR SA34b.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 43 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	323 394	328 741	392 485	396 805	485 231	485 231	480 836	467 302	531 170
Equitable share	246 638	307 859	350 705	388 232	388 232	388 232	415 990	454 995	518 016
Finance Management	750	1 000	1 250	1 500	1 500	1 500	1 650	1 800	1 950
Department of Water Affairs	20 806	19 132	13 111	3 273	3 273	3 273			
FIFA Local Organizing Committee			25 000		5 446	5 446	4 614		
Dept Sport and Recreation			1 629				30 000		
Municipal Infrastructure (MIG)							5 188	5 337	5 743
Housing	1 423								
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	3 528	8 847	6 100	6 100	6 100	6 100	-	-
National Lottery			8 847	6 100	6 100	6 100	6 100		
Dept Transport		1 567							
Eskom		1 961							
Total operating expenditure of Transfers and Grants:	324 817	332 270	401 332	402 905	491 331	491 331	486 936	467 302	531 170
<u>Capital expenditure of Transfers and Grants</u>									
National Government:	396 283	157 722	213 511	381 663	379 915	379 915	479 207	314 285	365 153
Municipal Infrastructure (MIG)	136 781	62 237	160 801	221 514	332 913	332 913	237 000	261 535	281 403
Public Transport	76 843	46 528	14 793	98 703					
Sport and Recreation	150 174						179 457		
Water Affairs	2 267	11 726					10 000		6 000
Integrated national electrification programme grant	30 217	14 688	16 112	16 000	16 000	16 000	35 000	35 000	60 000
Expanded public works programme incentive grant		14 510	952	5 446	2 465	2 465			
Electricity Demand Side Management		2 479	1 248	10 000	10 538	10 538	10 000	5 000	
Neighbourhood development partnership grant		5 553	19 605	30 000	18 000	18 000	7 750	12 750	17 750
Provincial Government:	-	-	-	6 407	6 407	6 407	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	2 802	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	396 283	157 722	216 313	388 070	386 322	386 322	479 207	314 285	365 153
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	721 100	489 992	617 645	790 975	877 653	877 653	966 143	781 587	896 323

Table 44 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	1 654	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604
Current year receipts	269 488	357 269	339 227	402 905	491 331	404 405	480 836	467 302	531 170
Conditions met - transferred to revenue	269 538	357 269	339 227	402 905	491 331	404 405	480 836	467 302	531 170
Conditions still to be met - transferred to liabilities	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604
Provincial Government:									
Balance unspent at beginning of the year	1 697	318	333	333	333	333	333	333	333
Current year receipts	44	15	2 016						
Conditions met - transferred to revenue	1 423	-	1 629	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	318	333	721	333	333	333	333	333	333
District Municipality:									
Other grant providers:									
Balance unspent at beginning of the year			25 000	-			6 100		
Current year receipts		25 000	15 000						
Conditions met - transferred to revenue	-	-	33 847	-	-	-	6 100	-	-
Conditions still to be met - transferred to liabilities		25 000	6 153						
Total operating transfers and grants revenue	270 961	357 269	374 703	402 905	491 331	404 405	486 936	467 302	531 170
Total operating transfers and grants - CTBM	1 922	26 937	8 478	1 937	1 937	1 937	1 937	1 937	1 937
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	207 321	74 150	135 650	6 407	6 407	6 407			
Current year receipts	263 112	179 927	241 001	282 960	374 055	374 055	479 207	314 285	365 153
Conditions met - transferred to revenue	396 283	118 427	213 511	289 367	380 462	380 462	479 207	314 285	365 153
Conditions still to be met - transferred to liabilities	74 150	135 650	163 140	-					
Provincial Government:									
Balance unspent at beginning of the year	2 950	2 950	2 950	2 950	2 950	2 950	2 950	2 950	2 950
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	2 950	2 950	2 950	2 950	2 950	2 950	2 950	2 950	2 950
District Municipality:									
Balance unspent at beginning of the year	2 259								
Current year receipts									
Conditions met - transferred to revenue	2 259	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year			1 296	-					
Current year receipts		4 824	1 506						
Conditions met - transferred to revenue	-	3 528	2 802	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		1 296	-						
Total capital transfers and grants revenue	398 542	121 956	216 313	289 367	380 462	380 462	479 207	314 285	365 153
Total capital transfers and grants - CTBM	77 099	139 895	166 089	2 950	2 950	2 950	2 950	2 950	2 950
TOTAL TRANSFERS AND GRANTS REVENUE	669 503	479 224	591 016	692 272	871 793	784 867	966 143	781 587	896 323
TOTAL TRANSFERS AND GRANTS - CTBM	79 022	166 832	174 567	4 887	4 887	4 887	4 887	4 887	4 887

2.8 Councillor and employee benefits

Table 45 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	11 714	11 520	13 057	13 756	13 756	13 756	15 234	16 224	17 278
Pension and UIF Contributions	1 590	1 703	1 969	2 074	2 074	2 074	2 285	2 434	2 592
Medical Aid Contributions	1 281	1 266	1 261	1 261	1 261	1 261	1 331	1 417	1 509
Motor Vehicle Allowance	2 777	4 363	3 264	3 439	3 439	3 439	3 808	4 056	4 320
Cellphone Allowance	834	926	883	926	926	926	1 027	1 094	1 165
Housing Allowances									
Other benefits and allowances									
Sub Total - Councillors	18 196	19 779	20 435	21 456	21 456	21 456	23 684	25 224	26 864
% increase		8.7%	3.3%	5.0%	-	-	10.4%	6.5%	6.5%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	2 685	3 264	4 969	5 577	5 577	5 577	7 661	8 159	8 689
Pension and UIF Contributions	595	628	862	1 067	1 067	1 067	960	1 022	1 088
Medical Aid Contributions	111	104	126	189	189	189	170	181	193
Overtime									
Performance Bonus									
Motor Vehicle Allowance	688	773	1 175	1 331	1 331	1 331	1 188	1 265	1 347
Cellphone Allowance									
Housing Allowances	48	24	11						
Other benefits and allowances				395	395	395	354	377	401
Sub Total - Senior Managers of Municipality	4 127	4 793	7 142	8 558	8 558	8 558	10 332	11 003	11 719
% increase		16.1%	49.0%	19.8%	-	-	20.7%	6.5%	6.5%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	202 234	204 169	233 259	267 361	227 352	226 777	271 524	289 173	307 969
Pension and UIF Contributions	46 012	42 298	48 998	59 114	48 291	48 331	57 853	61 613	65 618
Medical Aid Contributions		13 773	14 405	16 486	17 824	17 704	13 908	14 812	15 775
Overtime	36 409	43 026	43 140	26 418	36 208	37 200	35 669	37 987	40 457
Motor Vehicle Allowance	18 184	21 497	23 078	25 780	27 806	26 865	28 355	29 855	31 796
Housing Allowances	3 708	3 879	4 207	4 831	4 784	4 001	3 854	4 103	4 370
Other benefits and allowances	21 816	28 736	24 630	24 002	25 200	24 512	26 505	28 228	30 063
Sub Total - Other Municipal Staff	328 364	357 379	391 717	423 992	387 464	385 392	437 668	465 773	496 048
% increase		8.8%	9.6%	8.2%	(8.6%)	(0.5%)	13.6%	6.4%	6.5%
Total Parent Municipality	350 688	381 951	419 294	454 006	417 478	415 406	471 684	502 000	534 630
		8.9%	9.8%	8.3%	(8.0%)	(0.5%)	13.5%	6.4%	6.5%
TOTAL SALARY, ALLOWANCES & BENEFITS	353 594	385 367	423 759	457 655	422 367	420 177	476 757	507 440	542 443
% increase		9.0%	10.0%	8.0%	(7.7%)	(0.5%)	13.5%	6.4%	6.9%
TOTAL MANAGERS AND STAFF	335 297	365 523	402 184	435 115	399 492	397 421	451 846	480 866	514 094

Table 46 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum							
<u>Councillors</u>							
Speaker	1	463 222	86 763	135 678			685 663
Chief Whip	1	433 499	82 305	128 246			644 050
Executive Mayor	1	582 114	104 597	185 357			872 068
Deputy Executive Mayor	-	-	-	-			-
Executive Committee	10	3 131 222	642 483	936 670			4 710 375
Total for all other councillors	63	10 623 616	2 699 462	3 449 248			16 772 326
Total Councillors	76	15 233 673	3 615 610	4 835 199			23 684 482
<u>Senior Managers of the Municipality</u>							
Municipal Manager	1	1 142 130	260 875	168 000	-		1 571 005
Chief Finance Officer	1	1 498 874	1 856	-	-		1 500 730
Director Engineering Services	1	703 972	165 193	168 000	-		1 037 165
Director Community Services	1	636 925	184 240	216 000	-		1 037 165
Director Corporate & Shared Services	1	891 308	1 857	144 000	-		1 037 165
Director Planning & Economic Development	1	702 504	178 661	156 000	-		1 037 165
<i>List of each official with packages >= senior manager</i>							
Director Community Development	1	1 035 308	1 857	-	-		1 037 165
Director Strategic Planning Monitoring & Evaluation	1	698 663	170 502	168 000	-		1 037 165
Director Transport Operations	1	703 975	165 190	168 000	-		1 037 165
							-
Total Senior Managers of the Municipality	9	8 013 659	1 130 231	1 188 000	-		10 331 891
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	91	23 247 332	4 745 841	7 277 949	-		35 271 123

Table 47 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers				Current Year 2012/13			Budget Year 2013/14		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	76		76	76		75	76		76
Board Members of municipal entities	9		9	9		9	6		6
Municipal employees									
Municipal Manager and Senior Managers	8		7	8		6	11		11
Other Managers	41	32		87	68		117	116	1
Professionals	45	40	4	39	38	–	373	65	10
<i>Finance</i>	7	6	4	12	12		2	2	5
<i>Spatial/town planning</i>	9	8		4	4		18	10	
<i>Information Technology</i>	1	1		4	4		32	21	
<i>Roads</i>	2	2		2	1		25	6	
<i>Electricity</i>	2	2		6	6		12	3	
<i>Refuse</i>	20	19		3	3		7	5	
<i>Other</i>		–					256	1	5
Technicians	100	90	7	129	139	4	674	116	3
<i>Finance</i>	7	7	4	14	14	4	18	8	
<i>Spatial/town planning</i>	9	9		16	16		26	15	
<i>Information Technology</i>	2	2	3	10	10		19	3	
<i>Roads</i>	10	5			10		8	4	
<i>Electricity</i>	12	12		32	32		38	21	
<i>Refuse</i>	16	15		28	28		45	23	
<i>Other</i>	15	15					462	12	3
Clerks (Clerical and administrative)	451	334	4	380	371		560	371	10
Service and sales workers	193	160		225	160		225	200	
Skilled agricultural and fishery workers	17	16		36	16				
Craft and related trades	83	82		100	83		100	83	
Plant and Machine Operators	217	182		362	217		566	217	
Elementary Occupations	767	614	60	1 143	634		1 160	634	
TOTAL PERSONNEL NUMBERS	2 007	1 550	167	2 594	1 726	94	3 868	1 802	117
% increase				29.2%	11.4%	(43.7%)	49.1%	4.4%	24.5%
Total municipal employees headcount	1 914	1 550	75	1 914	1 550	75	3 849	1 802	118
Finance personnel headcount	119	112	8	119	123	8	215	123	5
Human Resources personnel headcount	38	29	4	38	29	4	45	29	3

2.9 Monthly targets for revenue, expenditure and cash flow

Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2013/14												2013/14 Medium Term Revenue &		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Revenue By Source															
Property rates	23 322	23 322	23 322	23 322	23 322	23 322	23 322	23 322	23 322	23 322	23 322	23 322	279 863	294 136	308 549
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	71 750	71 750	61 750	53 813	53 813	53 813	53 813	53 813	53 813	53 813	53 813	63 585	699 341	769 189	846 014
Service charges - refuse revenue	4 705	4 705	4 705	4 705	4 705	4 705	4 705	4 705	4 705	4 705	4 705	4 701	56 456	60 451	64 609
Rental of facilities and equipment	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 473	17 566	18 461	19 366
Interest earned - external investments			3 125			3 125			3 125			3 125	12 500	12 500	12 500
Interest earned - outstanding debtors	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	18 000	18 000	18 000
Fines	503	503	503	503	503	503	503	503	503	503	503	560	6 087	6 399	6 714
Licences and permits	703	703	703	703	703	703	703	703	703	703	703	781	8 516	8 951	9 389
Transfers recognised - operational	150 000	2 000		20 000	150 000				164 936			–	486 936	467 302	531 170
Other revenue	2 782	2 782	2 782	2 782	2 782	2 782	2 782	2 782	2 782	2 782	2 782	2 790	33 392	32 911	35 423
Gains on disposal of PPE												200	200	210	220
Total Revenue (excluding capital transfers and contributions)	283 922	136 558	128 683	138 621	271 621	124 110	120 985	120 985	284 046	115 985	115 985	128 032	1 969 533	2 062 342	2 249 750
Expenditure By Type															
Employee related costs	35 400	36 000	36 463	36 463	37 466	37 466	38 000	38 000	38 000	38 000	38 000	38 744	448 000	476 776	507 766
Remuneration of councillors	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	23 684	25 224	26 864
Debt impairment	3 333	333	333	333	333	333	333	333	333	333	333	33 337	40 000	50 000	55 000
Depreciation & asset impairment	19 392	19 392	19 392	19 392	19 392	19 392	19 392	19 392	19 392	19 392	19 392	19 388	232 700	244 568	256 552
Finance charges						13 578						13 578	27 155	23 747	21 158
Bulk purchases	51 258	51 258	51 258	51 258	51 258	51 258	51 258	51 258	51 258	51 258	51 258	94 159	658 000	707 000	760 000
Contracted services	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 128	73 542	66 782	70 055
Transfers and grants	20	2 920	20	20	20	20	2 020	20	20	20	20	20	5 140	5 240	5 240
Other expenditure	25 959	25 959	25 959	25 959	25 959	25 959	25 959	25 959	25 959	25 959	25 959	25 962	311 511	275 309	288 751
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	153 879	154 379	151 942	151 942	152 945	166 522	155 479	153 479	153 479	153 479	153 479	243 700	1 944 707	2 001 145	2 124 082
Surplus/(Deficit)	130 043	(17 822)	(23 259)	(13 321)	118 676	(42 412)	(34 494)	(32 494)	130 567	(37 494)	(37 494)	(115 668)	24 826	61 197	125 669
Transfers recognised - capital	20 000	28 724	27 000	30 000	40 000	40 500	47 000	40 000	30 000	50 000	50 000	75 983	479 207	314 285	365 153
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	150 043	10 902	3 741	16 679	158 676	(1 912)	12 506	7 506	160 567	12 506	12 506	(39 685)	504 033	375 482	490 822
Surplus/(Deficit)	150 043	10 902	3 741	16 679	158 676	(1 912)	12 506	7 506	160 567	12 506	12 506	(39 685)	504 033	375 482	490 822

Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2013/14												2013/14 Medium Term Revenue &		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Revenue by Vote															
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	92 000	90 000	90 000	81 649	81 649	95 000	95 000	81 649	82 000	81 649	81 649	93 236	1 045 483	1 138 264	1 238 830
Vote 5 - Community Services	6 883	8 000	6 883	6 883	6 883	6 883	8 000	7 000	6 883	12 000	6 883	8 759	91 938	97 775	103 796
Vote 6 - Community Development	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	1 097	2 021	14 089	14 807	15 533
Vote 7 - Corporate and Shared Services	134	134	134	134	134	134	134	134	134	134	134	2 517	3 986	3 013	3 014
Vote 8 - Planning and Economic Development	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 375	13 001	13 617	14 239
Vote 9 - Budget and Treasury	150 000	40 000	130 000	40 000	130 000	150 000	98 000	98 524	280 000	40 000	60 000	63 718	1 280 242	1 109 151	1 239 492
Total Revenue by Vote	251 170	140 288	229 170	130 820	220 820	254 170	203 288	189 461	371 170	135 937	150 820	171 626	2 448 740	2 376 627	2 614 903
Expenditure by Vote to be appropriated															
Vote 1 - Council	10 000	9 000	10 000	9 000	10 000	12 000	8 000	6 000	12 000	12 000	10 000	10 883	118 883	132 867	142 232
Vote 2 - Office of the Municipal Manager	1 889	2 000	2 100	2 000	1 889	2 000	4 000	2 000	2 000	3 000	2 000	2 063	26 941	28 506	30 135
Vote 3 - Strategic Planning Monitoring and Evaluation	1 455	1 500	1 455	1 455	1 455	1 500	1 455	1 455	1 455	1 500	1 455	1 788	17 925	19 014	20 158
Vote 4 - Engineering Services	78 000	74 738	80 000	75 000	80 000	80 000	90 000	75 000	76 000	80 000	76 000	80 134	944 873	1 010 018	1 079 713
Vote 5 - Community Services	22 000	20 106	21 000	20 000	21 000	25 000	25 000	26 000	21 000	22 000	22 000	22 669	267 775	278 649	294 826
Vote 6 - Community Development	19 000	18 000	15 455	16 000	18 000	20 000	20 000	20 000	22 000	20 000	18 000	19 218	225 673	199 938	210 584
Vote 7 - Corporate and Shared Services	14 000	15 000	14 000	15 000	14 000	14 000	14 000	14 000	13 000	12 000	13 000	15 132	167 132	179 165	188 595
Vote 8 - Planning and Economic Development	3 400	3 686	3 500	3 000	3 500	3 686	3 600	3 000	3 000	3 686	3 500	3 696	41 255	43 729	46 324
Vote 9 - Budget and Treasury	9 500	8 000	9 000	8 000	8 000	10 000	9 000	9 000	10 000	12 000	10 000	12 446	114 946	105 999	108 042
Total Expenditure by Vote	161 244	155 031	158 510	151 955	159 344	168 686	175 555	156 955	161 955	167 186	158 455	169 833	1 944 707	2 001 145	2 124 082
Surplus/(Deficit) before assoc.	89 927	(14 743)	70 661	(21 135)	61 476	85 484	27 733	32 506	209 216	(31 250)	(7 635)	1 793	504 033	375 482	490 822
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	89 927	(14 743)	70 661	(21 135)	61 476	85 484	27 733	32 506	209 216	(31 250)	(7 635)	1 793	504 033	375 482	490 822

Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2013/14												2013/14 Medium Term Revenue &		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Revenue - Standard															
Governance and administration	107 000	108 800	96 200	107 000	108 800	126 200	100 000	94 000	126 200	78 000	89 074	142 979	1 284 253	1 112 188	1 242 529
Executive and council	—	—	—	—	—	—	—	—	—	—	(24 926)	24 926	—	—	—
Budget and treasury office	26 200	28 000	26 200	26 200	28 000	26 200	25 000	24 000	26 200	28 000	24 000	26 099	314 099	327 564	343 169
Corporate services	80 800	80 800	70 000	80 800	80 800	100 000	75 000	70 000	100 000	50 000	90 000	91 953	970 153	784 624	899 361
Community and public safety	1 910	1 830	1 858	1 831	1 827	1 826	1 818	1 831	1 838	1 879	1 826	2 656	22 930	24 099	25 280
Community and social services	199	200	197	200	197	195	197	200	197	198	205	200	2 383	2 505	2 628
Sport and recreation	1 053	978	978	978	978	978	978	978	978	978	978	1 813	12 645	13 290	13 941
Public safety	655	649	680	650	649	650	640	650	660	700	640	639	7 863	8 264	8 668
Housing	3	3	3	3	3	3	3	3	3	3	3	3	39	41	43
Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services	4 003	3 466	3 959	3 866	4 466	3 667	4 166	4 722	3 266	3 170	4 666	4 625	48 040	50 444	52 872
Planning and development	2 310	2 300	2 289	2 200	2 300	2 500	2 000	2 000	2 100	2 000	3 000	2 720	27 719	29 087	30 468
Road transport	1 526	1 000	1 500	1 500	2 000	1 000	2 000	2 552	1 000	1 000	1 500	1 736	18 314	19 248	20 191
Trading services	102 836	97 426	93 426	89 251	90 426	89 251	84 426	86 251	88 426	85 795	90 795	95 206	1 093 517	1 189 896	1 294 222
Electricity	70 000	65 000	60 000	53 825	55 000	53 825	54 000	53 825	55 000	55 000	60 000	64 006	699 481	769 343	846 184
Waste water management	5 593	5 586	5 586	5 586	5 586	5 586	5 586	5 586	5 586	5 586	5 586	5 662	67 116	70 539	73 996
Waste management	4 840	4 840	4 840	4 840	4 840	4 840	4 840	4 840	4 840	4 840	4 840	4 837	58 077	62 187	66 464
Total Revenue - Standard	215 749	211 522	195 443	201 948	205 519	220 944	190 410	186 804	219 730	168 844	186 361	245 466	2 448 740	2 376 627	2 614 903
		279 022	257 929	258 173	263 016	277 464	246 606	242 829	277 026	226 042	224 639				
Expenditure - Standard															
Governance and administration	33 682	33 682	33 682	33 682	33 682	63 641	33 682	33 682	33 682	33 682	33 682	64 759	465 220	486 030	510 764
Executive and council	8 802	8 802	8 802	8 802	8 802	8 802	8 802	8 802	8 802	8 802	8 802	8 810	105 632	119 190	127 778
Budget and treasury office	4 494	4 494	4 494	4 494	4 494	34 453	4 494	4 494	4 494	4 494	4 494	35 553	114 946	105 999	108 042
Corporate services	20 386	20 386	20 386	20 386	20 386	20 386	20 386	20 386	20 386	20 386	20 386	20 396	244 642	260 840	274 944
Community and public safety	32 357	32 357	32 357	32 357	32 357	32 357	32 357	32 357	32 357	32 357	32 357	32 386	388 313	369 884	390 611
Community and social services	6 813	6 813	6 813	6 813	6 813	6 813	6 813	6 813	6 813	6 813	6 813	6 821	81 764	84 153	89 063
Sport and recreation	13 592	13 592	13 592	13 592	13 592	13 592	13 592	13 592	13 592	13 592	13 592	13 603	163 115	133 781	140 688
Public safety	10 999	10 999	10 999	10 999	10 999	10 999	10 999	10 999	10 999	10 999	10 999	11 002	131 991	139 790	147 943
Housing	615	615	615	615	615	615	615	615	615	615	615	614	7 379	7 843	8 334
Health	338	338	338	338	338	338	338	338	338	338	338	346	4 064	4 317	4 584
Economic and environmental services	11 849	11 849	11 849	11 849	11 849	11 849	11 849	11 849	11 849	11 849	11 849	11 668	142 007	132 963	140 435
Planning and development	3 771	3 771	3 771	3 771	3 771	3 771	3 771	3 771	3 771	3 771	3 771	3 771	45 252	47 966	50 813
Road transport	6 672	6 672	6 672	6 672	6 672	6 672	6 672	6 672	6 672	6 672	6 672	6 681	80 073	67 387	71 056
Trading services	107 692	104 692	69 306	69 550	71 550	70 550	71 550	70 550	70 550	69 306	68 550	105 321	949 167	1 012 269	1 082 272
Electricity	79 302	78 302	39 160	39 160	39 160	39 160	39 160	39 160	39 160	39 160	39 160	77 359	587 403	632 324	680 414
Waste water management	4 267	4 267	4 267	4 267	4 267	4 267	4 267	4 267	4 267	4 267	4 267	4 267	51 204	54 152	57 216
Waste management	5 123	5 123	5 123	5 123	5 123	5 123	5 123	5 123	5 123	5 123	5 123	5 125	61 478	62 545	66 045
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure - Standard	185 580	182 580	147 194	147 438	149 438	178 397	149 438	148 438	148 438	147 194	146 438	214 134	1 944 707	2 001 145	2 124 082
Surplus/(Deficit) before assoc.	30 169	28 942	48 249	54 510	56 081	42 547	40 972	38 366	71 292	21 650	39 923	31 332	504 033	375 482	490 822
Surplus/(Deficit)	30 169	28 942	48 249	54 510	56 081	42 547	40 972	38 366	71 292	21 650	39 923	31 332	504 033	375 482	490 822

Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2013/14												2013/14 Medium Term Revenue		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
<u>Multi-year expenditure to be appropriated</u>															
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services		-	50	700	1 000	1 000	1 000	1 000	1 000	1 000	1 000	-	7 750	12 750	17 750
Vote 5 - Community Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Community Development	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	16 000	18 000	15 000
Vote 7 - Corporate and Shared Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Budget and Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	1 333	1 333	1 383	2 033	2 333	2 333	2 333	2 333	2 333	2 333	2 333	1 333	23 750	30 750	32 750
<u>Single-year expenditure to be appropriated</u>															
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	50	-	-	-	-	-	-	-	-	-	-	50	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	10 000	21 112	22 000	22 000	18 000	30 000	25 000	20 000	20 000	25 000	25 000	30 389	268 500	325 035	415 903
Vote 5 - Community Services	1 404	1 500	1 500	1 400	1 404	1 500	1 400	2 000	1 500	1 500	1 400	2 442	18 950	-	-
Vote 6 - Community Development	5	5	1 000	1 000	1 000	83	2 707	2 000				(0)	7 800	2 200	3 100
Vote 7 - Corporate and Shared Services	-	1 000	4 500	-	-	-	-	-	-	-	-	-	5 500	4 500	8 417
Vote 8 - Planning and Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	1 300	-
Vote 9 - Budget and Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	11 409	38 567	44 000	38 400	36 404	51 583	44 107	44 000	36 500	41 500	40 957	52 830	480 257	333 035	427 420
Total Capital Expenditure	12 743	39 900	45 383	40 433	38 738	53 917	46 440	46 333	38 833	43 833	43 290	54 163	504 007	363 785	460 170

Table 52 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2013/14												2013/14 Medium Term Revenue		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Capital Expenditure - Standard															
<i>Governance and administration</i>	-	-	3 000	1 050	2 000	-	-	1 000	2 000	1 000	1 000	-	11 050	4 500	10 417
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services	-	-	3 000	1 050	2 000	-	-	1 000	2 000	1 000	1 000	-	11 050	4 500	10 417
<i>Community and public safety</i>	-	500	500	5 000	800	-	3 000	4 000	2 000	3 000	-	-	18 800	20 200	16 100
Community and social services	-	-	500	-	800	-	-	-	-	-	-	-	1 300	1 700	600
Sport and recreation	-	500	-	5 000	-	-	3 000	4 000	2 000	3 000	-	-	17 500	18 500	15 500
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	20 000	10 000	18 000	20 000	33 000	30 000	25 000	33 000	20 000	15 000	15 000	11 207	250 207	115 050	127 750
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	1 300	-
Road transport	20 000	10 000	15 000	20 000	30 000	30 000	25 000	30 000	20 000	15 000	15 000	11 207	241 207	113 750	127 750
Environmental protection	-	-	3 000	-	3 000	-	-	3 000	-	-	-	-	9 000	-	-
<i>Trading services</i>	-	18 224	15 500	42 000	43 600	28 500	19 000	24 000	13 000	13 500	-	6 626	223 950	224 035	305 903
Electricity	-	3 750	2 000	3 000	8 000	3 000	10 000	10 000	5 000	5 000	-	1 750	51 500	54 800	75 300
Waste water management	-	3 458	3 000	8 000	5 000	5 000	3 000	5 000	4 000	3 000	-	2 042	41 500	54 500	80 000
Waste management	-	1 404	500	1 000	600	500	1 000	1 000	1 000	1 500	-	446	8 950	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	20 000	28 724	37 000	68 050	79 400	58 500	47 000	62 000	37 000	32 500	16 000	17 833	504 007	363 785	460 170

Table 53 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Cash Receipts By Source													1		
Property rates	23 322	23 322	23 322	23 322	23 322	23 322	23 322	23 322	23 322	23 322	23 322	23 322	279 863	294 136	308 549
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	71 750	71 750	61 750	53 813	53 813	53 813	53 813	53 813	53 813	53 813	53 813	63 585	699 341	769 189	846 014
Service charges - water revenue	20 365	21 000	22 000	23 000	26 000	25 365	25 365	25 365	20 365	20 365	20 365	19 235	268 788	287 769	307 516
Service charges - sanitation revenue	5 593	5 593	5 593	5 593	5 593	5 593	5 593	5 593	5 593	5 593	5 593	5 593	67 116	70 539	73 996
Service charges - refuse revenue	4 705	4 705	4 705	4 705	4 705	4 705	4 705	4 705	4 705	4 705	4 705	4 701	56 456	60 451	64 609
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 473	17 566	18 461	19 366
Interest earned - external investments			3 125			3 125			3 125			3 125	12 500	12 500	12 500
Interest earned - outstanding debtors	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	18 000	18 000	18 000
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	503	503	503	503	503	503	503	503	503	503	503	560	6 087	6 399	6 714
Licences and permits	703	703	703	703	703	703	703	703	703	703	703	781	8 516	8 951	9 389
Agency services	1 237	1 237	1 237	1 237	1 237	1 237	1 237	1 237	1 237	1 237	1 237	1 167	14 770	15 523	16 284
Transfer receipts - operational	150 000	2 000		20 000	150 000				164 936			-	486 936	467 302	531 170
Other revenue	2 782	2 782	2 782	2 782	2 782	2 782	2 782	2 782	2 782	2 782	2 782	2 790	33 392	32 911	35 423
Cash Receipts by Source	283 922	136 558	128 683	138 621	271 621	124 110	120 985	120 985	284 046	115 985	115 985	127 832	1 969 333	2 062 132	2 249 530
Other Cash Flows by Source															
Transfer receipts - capital	-	108 000	-	-	210 000	-	20 000	10 000	131 207	-	-	-	479 207	314 285	365 153
Total Cash Receipts by Source	283 922	244 558	128 683	138 621	481 621	124 110	140 985	130 985	415 253	115 985	115 985	127 832	2 448 540	2 376 417	2 614 683
Cash Payments by Type															
Employee related costs	35 400	36 000	36 463	36 463	37 466	37 466	38 000	38 000	38 000	38 000	38 000	38 744	448 000	476 776	507 766
Remuneration of councillors	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	1 974	23 684	25 224	26 864
Finance charges						31 759						31 759	63 518	60 553	58 667
Bulk purchases - Electricity	66 000	70 000	33 000	31 500	31 500	33 000	33 000	33 000	33 000	34 000	34 000	68 000	500 000	540 000	583 000
Bulk purchases - Water & Sewer	10 000	11 000	13 000	13 000	14 000	14 000	15 000	15 000	14 000	14 000	13 000	12 000	158 000	167 000	177 000
Other materials	12 415	10 415	10 415	10 415	10 415	10 415	10 415	10 415	10 415	10 415	10 415	10 410	126 975	126 499	132 697
Contracted services	8 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 129	6 128	75 542	66 782	70 055
Transfers and grants - other municipalities	20	2 920	20	20	20	20	2 020	20	20	20	20	20	5 140	5 240	5 240
Transfers and grants - other	-								-	-	-	-			
Other expenditure	23 000	25 959	25 959	25 959	25 959	25 959	25 959	25 959	25 959	25 959	25 959	26 921	309 511	275 309	288 751
Cash Payments by Type	156 937	164 396	126 959	125 459	127 462	160 721	132 496	130 496	129 496	130 496	129 496	195 956	1 710 370	1 743 383	1 850 039
Other Cash Flows/Payments by Type															
Total Cash Payments by Type	176 937	193 120	153 959	155 459	167 462	201 221	179 496	170 496	159 496	180 496	179 496	271 939	2 189 577	2 057 668	2 215 192
NET INCREASE/(DECREASE) IN CASH HELD	106 985	51 437	(25 276)	(16 838)	314 159	(77 110)	(38 511)	(39 511)	255 757	(64 511)	(63 511)	(144 107)	258 963	318 749	399 491
Cash/cash equivalents at the month/year begin:	10 000	116 985	168 422	143 146	126 308	440 467	363 357	324 846	285 335	541 092	476 581	413 070	10 000	268 963	587 711
Cash/cash equivalents at the month/year end:	116 985	168 422	143 146	126 308	440 467	363 357	324 846	285 335	541 092	476 581	413 070	268 963	268 963	587 711	987 202

2.10 Annual budgets and SDBIPs – Internal departments

Table 54 Services Department – Operating revenue by source, expenditure by type and total capital expenditure

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Revenue By Source									
Property rates	173 595	209 500	229 423	248 982	253 982	253 982	279 863	294 136	308 549
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	369 140	415 805	556 892	609 206	650 206	650 206	699 341	769 189	846 014
Service charges - water revenue	116 277	123 973	165 503	230 544	248 544	248 544	268 788	287 769	307 516
Service charges - sanitation revenue	34 322	44 082	39 311	63 239	66 239	64 281	67 116	70 539	73 996
Service charges - refuse revenue	38 556	42 523	46 795	44 589	50 589	50 589	56 456	60 451	64 609
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	5 655	3 620	5 102	17 071	17 071	10 442	17 566	18 461	19 366
Interest earned - external investments	32 236	3 000	24 554	8 677	8 677	8 677	12 500	12 500	12 500
Interest earned - outstanding debtors	17 101	19 066	17 678	25 000	25 000	25 000	18 000	18 000	18 000
Dividends received	-	-	-	-	-	-	-	-	-
Fines	2 831	4 774	4 497	5 689	5 689	5 656	6 087	6 399	6 714
Licences and permits	8 034	8 385	8 234	7 961	7 961	7 961	8 516	8 951	9 389
Agency services	9 769	12 000	13 827	14 000	14 000	14 000	14 770	15 523	16 284
Transfers recognised - operational	270 961	357 269	374 703	402 905	491 331	404 405	486 936	467 302	531 170
Other revenue	40 550	30 918	68 781	89 569	92 570	71 180	33 392	32 911	35 423
Gains on disposal of PPE	2 493	20	246	200	200	200	200	210	220
Total Revenue (excluding capital transfers and contributions)	1 121 520	1 274 935	1 555 548	1 767 633	1 932 059	1 815 124	1 969 533	2 062 342	2 249 750
Expenditure By Type									
Employee related costs	310 314	347 526	384 940	435 903	399 795	396 195	448 000	476 776	507 766
Remuneration of councillors	15 110	18 447	17 678	21 467	21 467	19 236	23 684	25 224	26 864
Debt impairment	(2 392)	6 700	38 192	40 000	40 000	40 000	40 000	50 000	55 000
Depreciation & asset impairment	107 768	112 694	231 254	186 997	276 000	275 968	232 700	244 568	256 552
Finance charges	23 627	5 800	29 427	31 486	31 486	31 486	27 155	23 747	21 158
Bulk purchases	314 831	415 588	518 797	580 282	587 546	587 546	658 000	707 000	760 000
Other materials	87 447	90 904	96 881	111 806	116 702	112 916	124 975	126 499	132 697
Contracted services	40 348	56 302	74 263	52 005	64 060	63 886	73 542	66 782	70 055
Transfers and grants	220	400	6 122	3 240	5 540	4 740	5 140	5 240	5 240
Other expenditure	237 597	159 380	225 906	210 274	243 363	205 948	311 511	275 309	288 751
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
Total Expenditure	1 134 870	1 213 741	1 623 459	1 673 462	1 785 959	1 737 922	1 944 707	2 001 145	2 124 082

Total Capital Expenditure

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Capital Expenditure - Standard									
Governance and administration	36 205	16 120	28 416	6 500	8 557	8 557	11 050	4 500	10 417
Executive and council	–	–	–	–	350	350	–	–	–
Budget and treasury office	128	2 763	6 022	–	50	50	–	–	–
Corporate services	36 077	13 357	22 394	6 500	8 157	8 157	11 050	4 500	10 417
Community and public safety	406 383	35 303	5 125	200	2 169	2 169	18 800	20 200	16 100
Community and social services	6 228	2 249	726	–	1 006	1 006	1 300	1 700	600
Sport and recreation	393 355	13 714	4 369	–	513	513	17 500	18 500	15 500
Public safety	5 781	19 340	–	–	600	600	–	–	–
Housing	990	–	29	200	50	50	–	–	–
Health	29	–	–	–	–	–	–	–	–
Economic and environmental services	198 027	85 092	135 615	250 303	190 056	190 056	250 207	115 050	127 750
Planning and development	21 136	12 238	21 516	109 453	10 393	10 393	–	1 300	–
Road transport	176 559	72 818	114 099	140 850	179 663	179 663	241 207	113 750	127 750
Environmental protection	331	35	–	–	–	–	9 000	–	–
Trading services	256 567	151 371	185 348	228 067	333 022	335 018	223 950	224 035	305 903
Electricity	21 387	51 788	58 652	40 000	59 256	61 252	51 500	54 800	75 300
Water	207 859	59 959	107 181	156 667	222 912	222 912	122 000	114 735	150 603
Waste water management	24 116	38 995	19 169	31 400	50 853	50 853	41 500	54 500	80 000
Waste management	3 205	629	346	–	–	–	8 950	–	–
Other	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	897 181	287 886	354 503	485 070	533 804	535 800	504 007	363 785	460 170
Funded by:									
National Government	396 283	121 956	216 313	282 960	374 055	374 055	479 207	314 285	365 153
Provincial Government	–	–	–	6 407	6 407	6 407	–	–	–
District Municipality	2 259	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	398 542	121 956	216 313	289 367	380 462	380 462	479 207	314 285	365 153
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	498 639	165 930	138 190	195 703	153 342	155 338	24 800	49 500	95 017
Total Capital Funding	897 181	287 886	354 503	485 070	533 804	535 800	504 007	363 785	460 170

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, the following contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets

Table 55 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	430 894	236 704	299 101	233 367	324 155	324 155	371 157	184 285	262 653
Infrastructure - Road transport	181 833	72 818	114 099	1 100	3 229	3 229	7 750	14 250	23 750
Roads, Pavements & Bridges	181 833	72 818	114 099	1 100	2 199	2 199	7 750	14 250	23 750
Storm water	-	-	-	-	1 030	1 030	-	-	-
Infrastructure - Electricity	97 616	64 932	58 652	88 221	92 586	92 586	51 500	53 800	73 300
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	97 616	64 932	58 652	88 221	92 586	92 586	51 500	53 800	73 300
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	21 946	15 137	15 137	188 407	-	-
Waste Management	-	-	-	-	-	-	8 950	-	-
Transportation	-	-	-	-	-	-	179 457	-	-
Gas	-	-	-	21 946	15 137	15 137	-	-	-
Community	-	-	5 000	-	18 442	20 088	19 800	10 200	10 100
Parks & gardens	-	-	4 237	-	397	397	9 000	-	-
Libraries	-	-	-	-	-	-	300	700	600
Recreational facilities	-	-	-	-	28	28	-	-	-
Fire, safety & emergency	-	-	-	-	350	-	1 000	-	-
Security and policing	-	-	-	-	9 095	9 095	-	-	-
Cemeteries	-	-	644	-	216	-	-	-	-
Social rental housing	-	-	-	-	8 151	10 147	-	-	-
Other	-	-	-	-	-	216	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	466 287	51 182	50 402	251 703	191 207	191 557	1 550	4 800	7 417
General vehicles	-	-	-	-	450	450	-	-	-
Specialised vehicles	-	-	-	-	350	350	-	-	-
Civic Land and Buildings	-	-	-	109 453	4 940	4 940	-	-	-
Other Buildings	3 925	629	2 437	750	3 002	3 002	-	-	-
Other	462 362	50 553	34 496	141 050	176 811	177 161	1 050	2 300	1 000
Agricultural assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	897 181	287 886	354 503	485 070	533 804	535 800	392 507	199 285	280 170

Table 56 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	2013/14 Medium Term Revenue &		
	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
Capital expenditure on renewal of existing assets by Asset Class/Sub-class			
Infrastructure	94 000	146 500	150 000
Infrastructure - Road transport	54 000	92 500	83 000
<i>Roads, Pavements & Bridges</i>	54 000	92 500	83 000
<i>Storm water</i>	–	–	–
Infrastructure - Electricity	–	1 000	2 000
<i>Generation</i>	–	1 000	2 000
<i>Transmission & Reticulation</i>	–	–	–
<i>Street Lighting</i>	–	–	–
<i>Transportation</i>	–	–	–
Community	17 500	18 000	30 000
Parks & gardens	–	–	–
Sportsfields & stadia	8 000	9 000	6 000
Swimming pools	–	–	–
Community halls	–	–	–
Libraries	–	–	–
Recreational facilities	–	–	–
Fire, safety & emergency	–	–	–
Security and policing	–	–	–
Buses	–	–	–
Clinics	–	–	–
Other	9 500	9 000	24 000
Heritage assets	–	–	–
Investment properties	–	–	–
Other assets	–	–	–
Agricultural assets	–	–	–
Biological assets	–	–	–
Intangibles	–	–	–
Computers - software & programming	–	–	–
Other	–	–	–
Total Capital Expenditure on renewal of existing assets	111 500	164 500	180 000
Specialised vehicles	–	–	–
Refuse	–	–	–
Fire	–	–	–
Conservancy	–	–	–
Ambulances	–	–	–
Renewal of Existing Assets as % of total capex	22.1%	45.2%	39.1%
Renewal of Existing Assets as % of deprecn"	47.9%	67.3%	70.2%

Table 57 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>									
<u>Infrastructure</u>	70 761	75 309	74 096	53 164	54 471	54 471	79 179	80 792	84 750
Infrastructure - Road transport	15 657	21 374	19 520	10 265	10 265	10 265	11 066	11 630	12 199
Roads, Pavements & Bridges	14 980	20 501	19 520	8 145	8 145	8 145	8 946	9 402	9 862
Storm water	677	873	–	2 120	2 120	2 120	2 120	2 228	2 337
Infrastructure - Electricity	21 123	22 367	17 315	16 698	18 005	18 005	18 005	18 923	19 850
Generation			–					–	–
Transmission & Reticulation	18 704	20 037	17 315	14 198	15 505	15 505	15 505	16 295	17 094
Street Lighting	2 419	2 330	–	2 500	2 500	2 500	2 500	2 628	2 756
Infrastructure - Other	4 624	2 994	–	58	58	58	22 165	20 870	21 893
<u>Community</u>	16 021	19 992	22 785	31 183	34 783	34 783	45 796	45 707	47 947
Parks & gardens	1 947	3 619	–	3 574	3 574	3 574	9 281	7 330	7 689
Sportsfields & stadia	2 404	4 292	–	7 862	11 462	11 462	10 451	10 984	11 522
Swimming pools	252	186	–	222	222	222	222	233	245
Community halls	359	302	–	66	66	66	66	69	73
Libraries	420	492	–	113	113	113	156	164	173
Security and policing	1 752	2 192	–	640	640	640	545	573	601
Clinics			–	1	1	1	7	8	8
Museums & Art Galleries	417	279	–	53	53	53	60	63	66
Cemeteries	134	128	–	30	30	30	1 290	1 355	1 422
Other	6 912	7 351	22 785	17 119	17 119	17 119	22 213	23 346	24 490
<u>Heritage assets</u>	–	–	–	–	–	–	–	–	–
<u>Investment properties</u>	–	–	–	–	–	–	–	–	–
Housing development			–		–	–	–	–	–
Other			–		–	–	–	–	–
<u>Other assets</u>	–	–	–	–	–	–	–	–	–
<u>Agricultural assets</u>	–	–	–	–	–	–	–	–	–
<u>Biological assets</u>	–	–	–	–	–	–	–	–	–
<u>Intangibles</u>	–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	86 782	95 301	96 881	84 348	89 254	89 254	124 975	126 499	132 697
<u>Specialised vehicles</u>	–	–	–	–	–	–	–	–	–
R&M as a % of PPE	1.8%	1.9%	1.7%	1.3%	1.4%	1.5%	1.9%	1.8%	1.8%
R&M as % Operating Expenditure	7.7%	6.9%	6.0%	5.1%	5.0%	5.1%	6.4%	6.3%	6.2%

Table 58 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	2013/14 Medium Term Revenue & Expenditure		
	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
<u>Capital expenditure</u>			
Vote 1 - Council	-	-	-
Vote 2 - Office of the Municipal Manager	50	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-
Vote 4 - Engineering Services	276 250	337 785	433 653
Vote 5 - Community Services	18 950	-	-
Vote 6 - Community Development	23 800	20 200	18 100
Vote 7 - Corporate and Shared Services	5 500	4 500	8 417
Vote 8 - Planning and Economic Development	-	1 300	-
Vote 9 - Budget and Treasury	-	-	-
Total Capital Expenditure	504 007	363 785	460 170
<u>Future operational costs by vote</u>			
Vote 1 - Council			
Vote 2 - Office of the Municipal Manager			
Vote 3 - Strategic Planning Monitoring and Evaluation			
Vote 4 - Engineering Services			
Vote 5 - Community Services			
Vote 6 - Community Development			
Vote 7 - Corporate and Shared Services			
Vote 8 - Planning and Economic Development			
Vote 9 - Budget and Treasury			
Total future operational costs	-	-	-
<u>Future revenue by source</u>			
Property rates			
Property rates - penalties & collection charges			
Service charges - electricity revenue			
Service charges - refuse revenue			
Service charges - other			
Rental of facilities and equipment			
Total future revenue	-	-	-
Net Financial Implications	504 007	363 785	460 170

Table 59 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Program/Project description	2013/14 Medium Term Revenue & Expenditure Framework			Project information
		Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>					
Energy Services	Electrification of 9600 households	35,000	35,000	60,000	New
	Consumer connections	5,000	6,000	7,000	New
	Installation of Additional Cable from Sigma to Hospital sub (third cable)	–	2,000	–	New
	Upgrade 800A Busbars to 1200A in Alpha 66KV Distribution substation	–	1,000	2,000	Renewal
	Build Bakone 66KV intake substation	–	1,000	2,000	New
	Install fourth 20MVA transformer in Delta	1,500	–	–	New
	Build 66KV/11KV Tweefontein substation	–	2,000	2,000	New
	Smart metering	–	2,000	2,000	New
	Demand Side Management (DSM)	10,000	5,000	–	New
	Plant and Equipment	–	800	300	New
	Total	51,500	54,800	75,300	
Sanitation	Upgrading of laboratory	–	500	–	
	Rural household sanitation	40,000	50,000	59,000	Renewal
	Consumer connections	1,500	1,500	15,000	New
	Cleaning of Oxidation ponds	–	1,000	2,000	Renewal
	Upgrade PWWTP	–	–	–	
	Extension 78 bulk reticulation	–	1,000	2,000	New
	Sewer regional plant	–	500	2,000	New
	Total	41,500	54,500	80,000	
Water Supply and reticulation	Mothapo RWS	10,000	10,000	10,000	New
	Molete East RWS	10,000	10,000	10,000	New
	Molete North RWS	2,000	2,000	2,000	New
	Molete South RWS	10,000	10,000	10,000	New
	Houtrivier RWS	9,000	9,000	9,000	New
	Chuene Maja RWS	8,000	5,000	8,000	New
	Molepo RWS	9,000	10,000	9,000	New
	Laastehoop RWS	3,000	3,000	3,000	New
	Mmotong wa perikisi	–	3,000	4,000	New
	Mankweng RWS	15,000	10,000	15,000	New
	Boyne RWS	7,000	5,000	7,000	New
	Segwasi RWS	1,000	1,000	1,000	New
	Badimong RWS	10,000	13,000	15,000	New
	Sebayeng/Dikgale RWS	15,000	14,535	31,403	New
	Scada system boreholes	–	1,000	2,000	New
	Extension 78 bulk reticulation	500	1,000	–	New
	Refurbishment of infrastructure	10,000	–	6,000	New
	Consumer connections	2,500	2,500	2,200	New
	Upgrading of water reticulation in City cluster	–	1,000	2,000	New
	Prepaid water meters	–	1,000	2,000	New
	Roodepoort reservoir	–	1,000	2,000	New
	Pressure reservoir SDA3	–	1,000	–	New
	Clock machines	–	700		New
	Total	122,000	114,735	150,603	

Polokwane Municipality 2013/14 MTREF

Municipal Vote/Capital project	Program/Project description	2013/14 Medium Term Revenue & Expenditure Framework			Project information
		Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16	New or renewal
R thousand					
Transport Infrastructure Services	Upgrading of arterial road Mamatsha	10,000	15,000	5,000	Renewal
	Upgrading of arterial road Makotopong	10,000	16,000	16,000	Renewal
	Upgrading of arterial road Khohloane	9,000	10,000	5,000	Renewal
	Upgrading of arterial road D3413 from D19 (Mamadila to Ramakgaphola: D3414 to Ga Manamela)	9,000	10,000	15,000	Renewal
	Upgrading of Arterial road D977 (Silicon to Matbole 19km)	4,500	10,000	10,000	Renewal
	Upgrading of Arterial road D4030 & D1809 (Nobody to Laastehoop to Mothapo 17km)	1,500	10,000	15,000	Renewal
	Upgrading of arterial road Sebayeng to Mantheding	9,000	10,000	5,000	Renewal
	Rehabilitation of street in Polokwane West	-	1,000	3,000	Renewal
	Rehabilitation of street in Polokwane East	-	1,000	3,000	Renewal
	Rehabilitation of street in Mankweng	-	1,000	3,000	Renewal
	Rehabilitation of street in Seshego	-	1,000	3,000	Renewal
	Rehabilitation of main arterial road	-	1,000	3,000	Renewal
	Routine road maintenance	-	1,000	3,000	Renewal
	Re-gravelling of rural roads	-	1,000	3,000	Renewal
	Side walks maintenance	-	1,000	3,000	Renewal
	Planning for NMT along Nelson Mandela	1,500	500	3,000	New
	Upgrading of access road SDA 1 (Lethuli and Madiba Park)	1,000	10,000	6,000	Renewal
	NDPG Programme Projects	7,750	12,750	17,750	New
	Installation of traffi lights	-	500	3,000	New
	Construction of low level bridges	2,500	1,000	3,000	New
	Total	65,750	113,750	127,750	
Community Development	upgrading of Seshego Stadium	7,000	7,000	4,000	Renewal
	Upgrading of Ga- Manamela Sport Field	1,000	2,000	2,000	Renewal
	Construction of Ga-Molepo/Maja Sport Complex	1,000	2,000	2,000	New
	Construction Mankweng Sport Complex MIG	7,000	7,000	7,000	New
	Sebayeng Outdoor Sport facilities	1,000	-	-	New
	Purchase of Grass Cutting equipment	500	500	500	New
	Total	17,500	18,500	15,500	
Disaster and Fire	Acquisition of fire Equipment	500	-	-	New
	Total	500	-	-	
Waste Management	Waste 6m3 skip containers	600	-	-	New
	Connection of water and electrification of the guard house (Mankweng Transfer Station)	350	-	-	New
	Rural transfer station(MIG)	8,000	-	-	New
	Total	8,950	-	-	
Environmental Mangement	Development of Tom Naude Dam	1,000	-	-	New
	Development of Ext 44/71 park	4,000	-	-	New
	Development of Sterpark botanical garden	4,000	-	-	New
	Total	9,000	-	-	
Libraries	Purchase of books	300	700	600	New
	Total	300	700	600	
Museums	Exhibition Irish House	-	500	-	New
	Exhibition Retrospective Art	-	500	-	New
	Total	-	1,000	-	

Polokwane Municipality 2013/14 MTREF

Municipal Vote/Capital project	Program/Project description	2013/14 Medium Term Revenue & Expenditure Framework			Project information
		Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16	New or renewal
R thousand					
Information Services	ICT Equipment	500	500	500	New
	Network Upgrade	2,500	2,000	2,000	New
	Development of IT strategy	–	2,000	5,917	New
	Total	3,000	4,500	8,417	
City Planning	Integrated GIS System	–	1,300	–	New
	Total	–	1,300	–	
Transport Operations	IRPTS Project	179,457	–	–	New
	Total	179,457	–	–	
Communication & Marketing	Audio Visual Equipment	50	–	–	New
	Total	50	–	–	
Facility Management	Renovation of Offices	1,000	–	1,000	Renewal
	Renovation of Offices at Stadium	3,000	–	–	Renewal
	Furniture Office Equipment	500	–	1,000	Renewal
	Total	4,500	–	2,000	
	Total capital projects	504,007	363,785	460,170	
Parent Capital expenditure		504,007	363,785	460,170	
Entity Capital expenditure		–	–	–	
Total Capital expenditure		1,512,021	1,091,355	1,380,510	

Table 60 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Project name	2013/14 Medium Term Revenue &		
		Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
R thousand				
Parent municipality:				
<i>List all capital projects grouped by Municipal Vote</i>				
Sanitation	Build 66KV/11KV Tweefontein substation	–	2 000	2 000
	Smart metering	–	2 000	2 000
	Demand Side Management (DSM)	10 000	5 000	–
	Plant and Equipment	–	800	300
	Total	10 000	9 800	45 800
	Upgrading of laboratory	–	500	–
	Rural household sanitation	40 000	50 000	59 000
	Consumer connections	1 500	1 500	15 000
	Cleaning of Oxidation ponds	–	1 000	2 000
	Upgrade PWWTP	–	–	–
	Extension 78 bulk reticulation	–	1 000	2 000
	Sewer regional plant	–	500	2 000
	Total	41 500	54 500	80 000
Water Supply and reticulation	Mothapo RWS	10 000	10 000	10 000
	Molelje East RWS	10 000	10 000	10 000
	Molelje North RWS	2 000	2 000	2 000
	Molelje South RWS	10 000	10 000	10 000
	Houtrivier RWS	9 000	9 000	9 000
	Chuene Maja RWS	8 000	5 000	8 000
	Molepo RWS	9 000	10 000	9 000
	Laastehoop RWS	3 000	3 000	3 000
	Mmotong wa perikisi	–	3 000	4 000
	Mankweng RWS	15 000	10 000	15 000
	Boyne RWS	7 000	5 000	7 000
	Segwasi RWS	1 000	1 000	1 000
	Badimong RWS	10 000	13 000	15 000
	Sebayeng/Dikgale RWS	15 000	14 535	31 403
	Scada system boreholes	–	1 000	2 000
	Extension 78 bulk reticulation	500	1 000	–
	Refurbishment of infrastructure	10 000	–	6 000
	Consumer connections	2 500	2 500	2 200
	Upgrading of water reticulation in City cluster	–	1 000	2 000
	Prepaid water meters	–	1 000	2 000
	Roodepoort reservoir	–	1 000	2 000
	Pressure reservoir SDA3	–	1 000	–
	Clock machines	–	700	–
	Total	122 000	114 735	150 603

Polokwane Municipality 2013/14 MTREF

Municipal Vote/Capital project	Project name	2013/14 Medium Term Revenue &		
		Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
R thousand				
Transport Infrastructure Services	Upgrading of arterial road Mamatsha	10 000	15 000	5 000
	Upgrading of arterial road Makotopong	10 000	16 000	16 000
	Upgrading of arterial road Khohloane	9 000	10 000	5 000
	Upgrading of arterial road D3413 from D19 (Mamadila to	9 000	10 000	15 000
	Upgrading of Arterial road D977 (Silicon to Matobole 19kr	4 500	10 000	10 000
	Upgrading of Arterial road D4030 & D1809 (Nobody to La	1 500	10 000	15 000
	Upgrading of arterial road Sebayeng to Mantheding	9 000	10 000	5 000
	Rehabilitation of street in Polokwane West	–	1 000	3 000
	Rehabilitation of street in Polokwane East	–	1 000	3 000
	Rehabilitation of street in Mankweng	–	1 000	3 000
	Rehabilitation of street in Seshego	–	1 000	3 000
	Rehabilitation of main arterial road	–	1 000	3 000
	Routine road maintenance	–	1 000	3 000
	Re-gravelling of rural roads	–	1 000	3 000
	Side walks maintenance	–	1 000	3 000
	Planning for NMT along Nelson Mandela	–	500	3 000
	Upgrading of access road SDA 1 (Lethuli and Madiba Pa	1 000	10 000	6 000
	NDPG Programme Projects	7 750	12 750	17 750
	Installation of traffi lights	–	500	3 000
	Construction of low level bridges	–	1 000	3 000
	Total	61 750	113 750	127 750
Community Development	upgrading of Seshego Stadium	7 000	7 000	4 000
	Upgrading of Ga- Manamela Sport Field	1 000	2 000	2 000
	Construction of Ga-Molepo/Maja Sport Complex	1 000	2 000	2 000
	Construction Mankweng Sport Complex MIG	7 000	7 000	7 000
	Sebayeng Outdoor Sport facilities	1 000	–	–
	Purchase of Grass Cutting equipment	500	500	500
	Total	17 500	18 500	15 500
Disaster and Fire	Acquisition of fire Equipment	1 000	–	–
	Total	1 000	–	–
Waste Management	Waste 6m3 skip containers	600	–	–
	Connection of water and electrification of the guard house	350	–	–
	Rural transfer station(MIG)	8 000	–	–
	Total	8 950	–	–
Environmental Mangement	Development of Tom Naude Dam	1 000	–	–
	Development of Ext 44/71 park	4 000	–	–
	Development of Sterpark botanical garden	4 000	–	–
	Total	9 000	–	–
Libraries	Purchase of books	300	700	600
	Total	300	700	600
Museums	Exhibition Irish House	–	500	–
	Exhibition Retrospective Art	–	500	–
	Total	–	1 000	–

Polokwane Municipality 2013/14 MTREF

Municipal Vote/Capital project	Project name	2013/14 Medium Term Revenue &		
		Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
R thousand				
Information Services	ICT Equipment	500	500	500
	Network Upgrade	5 000	2 000	2 000
	Development of IT strategy	–	2 000	5 917
	Total	5 500	4 500	8 417
City Planning	Integrated GIS System	–	1 300	–
	Total	–	1 300	–
Transport Operations	IRPTS Project	179 457	–	–
	Total	179 457	–	–
Communication & Marketing	Audio Visual Equipment	50	–	–
	Total	50	–	–
Facility Management	Renovation of Offices	1 500	–	1 000
	Renovation of Offices at Stadium	3 000	–	–
	Furniture Office Equipment	1 000	–	1 000
	Total	11 000	–	4 000
	Total capital projects	462 507	318 785	430 670

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the eight interns one has resigned and joined another municipality on a permanent basis and the other two have been retained as contract workers after their internship contracts expired. Currently five interns are employed..
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in June 2013 directly aligned and informed by the 2013/14 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010.

2.13 Other supporting documents

Table 61 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
R thousand									
REVENUE ITEMS:									
<u>Property rates</u>									
Total Property Rates	173 595	209 500	229 423	248 982	253 982	253 982	286 637	301 173	315 931
less Revenue Foregone							6 774	7 037	7 382
Net Property Rates	173 595	209 500	229 423	248 982	253 982	253 982	279 863	294 136	308 549
<u>Service charges - electricity revenue</u>									
Total Service charges - electricity revenue	369 140	415 805	556 892	609 206	650 206	650 206	706 341	776 546	853 731
less Revenue Foregone							7 000	7 357	7 717
Net Service charges - electricity revenue	369 140	415 805	556 892	609 206	650 206	650 206	699 341	769 189	846 014
<u>Service charges - refuse revenue</u>									
Total refuse removal revenue	38 556	42 523	46 795	44 589	50 589	50 589	59 480	63 630	67 944
Total landfill revenue									-
less Revenue Foregone	-	-	-	-	-	-	3 024	3 179	3 335
Net Service charges - refuse revenue	38 556	42 523	46 795	44 589	50 589	50 589	56 456	60 451	64 609
<u>Other Revenue by source</u>									
List other revenue by source									
Service Contributions	200	1 331	418	21 717	21 717	601	10 600	11 141	11 686
Building Plans	2 705	3 190	3 085	4 737	4 737	4 737	5 069	5 327	5 588
Training & skills Development	540	-	2 110	1 528	4 528	4 528	4 003	3 031	3 032
Insurance Claims	-	-	-	-	-	-	2 000	2 102	2 205
Sales of Erven	24 882	21 431	1 265	52 000	52 000	52 000	-	-	-
Removal costs	2 417	1 445	1 035	1 486	1 486	1 486	1 620	1 735	1 854
Fees Parking meters	6	-	8	1 330	1 330	1 330	1 423	1 496	1 569
Fees Tender Deposits	655	-	673	1 145	1 145	1 145	1 225	1 288	1 351
Building/Sewer plans	2 708	2 700	3 093	4 742	4 742	4 742	5 074	5 333	5 594
VAT Invoice to Cash basis			41 263						
Other Minor Revenue items	6 437	821	15 830	884	885	612	2 378	1 459	2 542
Total 'Other' Revenue	40 550	30 918	68 781	89 569	92 570	71 180	33 392	32 911	35 423
EXPENDITURE ITEMS:									
<u>Employee related costs</u>									
Basic Salaries and Wages	180 006	199 897	219 944	276 291	236 702	234 599	279 191	297 339	316 666
Pension and UIF Contributions	38 884	44 007	45 893	60 181	49 358	49 398	59 725	63 607	67 742
Medical Aid Contributions	13 116	14 321	15 610	16 675	18 013	17 893	14 078	14 993	15 968
Overtime	36 409	40 299	50 881	26 418	36 208	37 200	35 669	37 987	40 457
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	19 055	21 786	26 016	27 110	29 136	28 196	29 543	31 121	33 143
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	3 791	3 981	3 771	4 831	4 784	4 001	3 854	4 103	4 370
Other benefits and allowances	4 661	5 726	5 668	5 438	6 410	5 902	6 309	6 720	7 156
Payments in lieu of leave	14 392	17 510	17 156	18 960	19 185	19 006	19 630	20 905	22 264
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations									
sub-total	310 314	347 526	384 940	435 903	399 795	396 195	448 000	476 776	507 766
Less: Employees costs capitalised to PPE	-	-	-	-	-	-	-	-	-
Total Employee related costs	310 314	347 526	384 940	435 903	399 795	396 195	448 000	476 776	507 766

Table 61 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
R thousand									
Contributions recognised - capital									
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	107 768	112 694	231 254	186 997	276 000	275 968	232 700	244 568	256 552
Total Depreciation & asset impairment	107 768	112 694	231 254	186 997	276 000	275 968	232 700	244 568	256 552
Bulk purchases									
Electricity Bulk Purchases	229 752	314 000	402 772	460 546	466 106	466 106	500 000	540 000	583 000
Water Bulk Purchases	85 079	101 588	116 025	119 736	121 440	121 440	158 000	167 000	177 000
Total bulk purchases	314 831	415 588	518 797	580 282	587 546	587 546	658 000	707 000	760 000
Transfers and grants									
Cash transfers and grants	220	400	6 122	3 240	5 540	4 740	5 140	5 240	5 240
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
Total transfers and grants	220	400	6 122	3 240	5 540	4 740	5 140	5 240	5 240
Contracted services									
Asset verification	198	600	1 458	1 200	2 200	2 200	2 200	2 312	2 425
sub-total	40 348	56 302	74 263	52 005	64 060	63 886	73 542	66 782	70 055
Allocations to organs of state:									
Total contracted services	40 348	56 302	74 263	52 005	64 060	63 886	73 542	66 782	70 055
Other Expenditure By Type									
Collection costs	1 692	1 700	818	2 000	967	967	967	1 016	1 066
Contributions to 'other' provisions	20 709	7 191	41 287	8 295	8 295	8 295	25 971	27 295	28 633
Consultant fees	-	-	-	-	-	-	3 000	3 153	3 307
Audit fees	1 510	2 700	2 303	2 968	2 968	2 968	2 968	3 119	3 272
General expenses									
Bank charges	1 420	1 967	2 746	2 120	2 820	2 820	2 820	2 964	3 109
Fleet Management	-	-	-	30 000	25 300	8 433	46 073	48 423	50 795
Transport operation costs	-	-	-	-	2 000	1 118	16 241	-	-
Protective clothing	-	-	-	5 051	9 551	9 551	9 551	10 038	10 530
Rebates assessment rates	-	-	-	374	374	374	9 300	9 774	10 253
Training	2 306	2 373	2 556	6 842	8 442	5 528	10 359	13 832	14 470
Ward Committee meetings	471	500	3 261	5 000	5 000	5 000	4 560	4 793	5 027
Telephone/cellphone expenses	5 500	5 190	4 913	7 896	7 850	7 854	7 300	7 672	8 048
Free basic services	13 347	8 389	3 207	24 413	24 413	24 413	22 122	23 250	24 389
Fuel & oil	8 955	4 182	7 922	3 065	7 255	7 255	7 255	7 625	7 999
Insurance	9 336	7 422	8 451	8 324	8 324	8 324	8 324	8 674	9 026
Legal expenses	4 405	5 238	7 032	5 104	4 271	4 071	3 967	4 169	4 373
Marketing	4 759	5 354	7 596	6 870	10 037	7 853	6 277	6 597	6 920
Special Events	491	873	9 924	7 432	1 087	1 087	14 737	9 077	9 522
Rental of equipment	9 138	9 874	8 388	11 094	12 825	11 770	12 625	13 269	13 919
Promotions	-	-	-	1 000	600	600	3 690	3 878	4 068
Subscription fees	2 427	2 528	3 478	4 433	4 111	4 109	4 106	4 315	4 527
Total 'Other' Expenditure	237 597	159 380	225 906	210 274	243 363	205 948	311 511	275 309	288 751
Repairs and Maintenance by Expenditure Item									
Employee related costs									
Other materials	86 782	95 301	96 881	84 348	89 254	89 254	124 975	126 499	132 697
Contracted Services									
Other Expenditure									
Total Repairs and Maintenance Expenditure	86 782	95 301	96 881	84 348	89 254	89 254	124 975	126 499	132 697

Table 62 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - Council	Vote 2 - Office of the	Vote 3 - Strategic	Vote 4 - Engineering	Vote 5 - Community	Vote 6 - Community	Vote 7 - Corporate	Vote 8 - Planning	Vote 9 - Budget and	Vote 10 - Transport	Total
R thousand											
Revenue By Source											
Property rates	-	-	-	-	-	-	-	-	279 863	-	279 863
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	699 341	-	-	-	-	-	-	699 341
Service charges - water revenue	-	-	-	268 788	-	-	-	-	-	-	268 788
Service charges - sanitation revenue	-	-	-	67 116	-	-	-	-	-	-	67 116
Service charges - other	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	1 369	11 772	-	4 425	-	-	17 566
Interest earned - external investments	-	-	-	-	-	-	-	-	12 500	-	12 500
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	18 000	-	18 000
Remuneration of councillors	23 684	-	-	-	-	-	-	-	-	-	23 684
Debt impairment	40 000	-	-	-	-	-	-	-	-	-	40 000
Depreciation & asset impairment	440	4 557	2 080	89 792	26 925	86 223	11 538	7 643	3 502	-	232 700
Finance charges	-	-	-	-	-	-	-	-	27 155	-	27 155
Bulk purchases	-	-	-	658 000	-	-	-	-	-	-	658 000
Contracted services	-	1 455	1 030	8 084	34 380	1 540	780	2 600	23 672	-	73 542
Transfers and grants	5 140	-	-	-	-	-	-	-	-	-	5 140
Other expenditure	40 238	6 205	2 295	23 711	22 551	68 435	102 193	4 388	25 187	16 307	311 511
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	118 883	26 941	17 925	944 873	267 775	225 673	167 132	41 255	114 946	19 304	1 944 707
Surplus/(Deficit)	(118 883)	(26 941)	(17 925)	100 610	(175 837)	(211 584)	(163 145)	(28 254)	686 089	(19 304)	24 826
Transfers recognised - capital	-	-	-	-	-	-	-	-	479 207	-	479 207
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(118 883)	(26 941)	(17 925)	100 610	(175 837)	(211 584)	(163 145)	(28 254)	1 165 296	(19 304)	504 033

Table 63 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year+1 2014/15	Budget Year+2 2015/16
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days	59 000	219 993	223 808	299 137	299 137	299 137	200 000	200 000	200 000
Other current investments > 90 days	–	–	59 000	–	–	–	59 000	59 000	59 000
Total Call investment deposits	59 000	219 993	282 808	299 137	299 137	299 137	259 000	259 000	259 000
Consumer debtors									
Consumer debtors	260 386	339 359	431 800	380 000	380 000	380 000	457 000	517 000	567 000
Less: Provision for debt impairment	(106 736)	(145 857)	(168 347)	(185 857)	(185 857)	(185 857)	(225 857)	(275 857)	(330 857)
Total Consumer debtors	153 650	193 502	263 453	194 143	194 143	194 143	231 143	241 143	236 143
Debt impairment provision									
Balance at the beginning of the year				145 857	145 857	145 857	185 857	225 857	275 857
Contributions to the provision				40 000	40 000	40 000	40 000	50 000	55 000
Bad debts written off									
Balance at end of year	–	–	–	185 857	185 857	185 857	225 857	275 857	330 857
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	5 247 252	5 532 526	6 254 923	6 783 968	6 989 369	6 865 298	7 834 030	8 442 383	9 159 105
Leases recognised as PPE	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation	305 393	476 934	681 410	725 385	725 385	725 385	1 190 110	1 434 678	1 691 230
Total Property, plant and equipment (PPE)	4 941 858	5 055 592	5 573 513	6 058 583	6 263 984	6 139 913	6 643 920	7 007 705	7 467 875
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)			2 597	–	–	–	–	–	–
Current portion of long-term liabilities	6 517	30 548	35 808	26 507	26 507	26 507	36 363	36 806	37 509
Total Current liabilities - Borrowing	6 517	30 548	38 405	26 507	26 507	26 507	36 363	36 806	37 509
Trade and other payables									
Trade and other creditors	228 954	180 309	218 419	200 000	200 000	200 000	200 000	200 000	200 000
Unspent conditional transfers	79 022	166 832	174 567	100 000	100 000	100 000	100 000	100 000	100 000
VAT	–	–	–	–	–	–	–	–	–
Total Trade and other payables	307 976	347 141	392 986	300 000	300 000	300 000	300 000	300 000	300 000
Non current liabilities - Borrowing									
Borrowing	47 908	254 481	298 588	310 169	310 169	310 169	225 862	188 613	150 401
Finance leases (including PPP asset element)	6 566	2 597	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing	54 474	257 078	298 588	310 169	310 169	310 169	225 862	188 613	150 401
Provisions - non-current									
Retirement benefits	124 946	138 685	154 438	144 185	144 185	144 185	185 838	201 538	217 238
List other major provision items									
Refuse landfill site rehabilitation	2 770	3 047	3 351	3 700	3 700	3 700	4 055	4 460	4 907
Other	14 459	17 078	19 963	20 152	20 152	20 152	22 847	25 131	27 415
Total Provisions - non-current	142 174	158 810	177 752	168 037	168 037	168 037	212 740	231 129	249 560
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	4 008 930	4 204 457	4 548 732	5 081 559	5 236 779	5 110 452	5 322 527	5 844 186	6 202 502
GRAP adjustments	–	–	–	–	–	–	–	–	–
Restated balance	4 008 930	4 204 457	4 548 732	5 081 559	5 236 779	5 110 452	5 322 527	5 844 186	6 202 502
Surplus/(Deficit)	384 017	292 308	175 030	482 241	532 422	547 678	504 033	375 482	490 822
Accumulated Surplus/(Deficit)	4 392 947	4 496 765	4 723 762	5 563 800	5 769 201	5 658 130	5 826 559	6 219 668	6 693 323
Reserves									
Housing Development Fund	10 969	11 155	11 248	11 250	11 250	11 250	11 434	11 527	11 620
Capital replacement	–	–	–	–	–	–	–	–	–
Revaluation	359 566	347 827	770 839	347 827	347 827	347 827	770 839	770 839	770 839
Total Reserves	370 534	358 983	782 086	359 077	359 077	359 077	782 273	782 366	782 459
TOTAL COMMUNITY WEALTH/EQUITY	4 763 481	4 855 748	5 505 849	5 922 877	6 128 278	6 017 207	6 608 832	7 002 034	7 475 782

Table 64 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2013/14	2013/14 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original	Outcome	Outcome	Outcome
<u>Demographics</u>									
Population	508	562	573	579	638	638	638	638	638
<u>Poverty profiles (no. of households)</u>									
< R2 060 per household per month									
Insert description									
<u>Household/demographics (000)</u>									
Number of people in municipal area	508 277	561 772	573	579	638	638	638	638	638
Number of poor people in municipal area									
Number of households in municipal area	124 978	130 361	130	130	130	157	157	157	157
Number of poor households in municipal area									
Definition of poor household (R per month)									
<u>Housing statistics</u>									
Formal	99 107	110 285	110 285	110 285	110 285	135 688	135 688	135 688	135 688
Informal	25 871	20 076	20 076	20 076	20 076	20 878	20 878	20 878	20 878
Total number of households	124 978	130 361	130 361	130 361	130 361	156 566	156 566	156 566	156 566
Dwellings provided by municipality									
Dwellings provided by province/s									
Dwellings provided by private sector									
Total new housing dwellings	-	-	-	-	-	-	-	-	-
<u>Economic</u>									
Inflation/inflation outlook (CPIX)			6.2%	5.4%	6.0%	6.0%	5.5%	5.1%	4.9%
Interest rate - borrowing			17.0%	17.0%	8.8%	8.8%	5.1%	5.1%	5.1%
Interest rate - investment			11.5%	8.5%	7.5%				
Remuneration increases			8.3%	8.5%	6.0%	6.0%	6.8%	5.1%	4.9%
Consumption growth (electricity)			2.0%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Consumption growth (water)			2.0%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%
<u>Collection rates</u>									
Property tax/service charges			95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Rental of facilities & equipment			95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Interest - external investments			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors			95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Revenue from agency services			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 65 MBRR PHA Budget

DESCRIPTION	Approved Budget 2012/13	Actuals to Dec 2012	Ga Rena	C.R.U	Proposed Budget 2013/14
INCOME					
Rental Income	12,120,852	5,224,470	10,308,110	2,000,000	12,308,110
Admin Fee	16,800	20,800	20,000	37,800	57,800
Grant- Municipality	3,000,000	3,000,000	4,900,000		4,900,000
Grant - SPSH					
Interest Received	5,000	13,583	60,000	5,000	65,000
Bad debt recovered	750,000	-			-
Recoveries					-
TOTAL OPERATIONAL INCOME	15,892,652	8,258,853	15,288,110	2,042,800	17,330,910
TOTAL INCOME	15,892,652	8,258,853	15,288,110	2,042,800	17,330,910
EXPENDITURE					
DIRECTORS EMOLUMENTS	1,533,943	657,849	1,227,100	-	1,227,100
Directors -Subsistence, accomodation & Travel	215,163	86,005	206,410	-	206,410
Directors - Remuneration	868,780	571,844	1,020,690	-	1,020,690
Company Secretary	450,000	-	-	-	-
EMPLOYMENT COST	2,464,800	1,331,391	3,563,430	282,290	3,845,722
Salaries	1,858,643	1,126,142	2,965,647	200,000	3,165,647
UIF	18,579	7,031	19,824	2,100	21,924
Medical aid	125,604	69,836	170,600	20,000	190,600
Provident fund	139,342	76,633	121,476	15,000	136,476
13 Cheque	154,824	-	150,915	15,000	165,915
Workmanns Compensations	720	248	585	90	675
Skills Development Levy	21,087	15,501	22,383	2,100	24,483
Leave pmt provision	-	-	-	-	-
Staff Training and Development	-	-	-	-	-
Temporary Staff	10,000	-	10,000		10,000
Overtime	40,000		30,000	10,000	40,000
Housing	96,000	36,000	72,000	18,000	90,000
GENERAL EXPENSES	11,273,841	2,454,282	6,789,688	2,050,543	8,840,231
Advertising, Marketing & Promotion	100,000	25,047	40,000	60,000	100,000
Audit fees	303,021	-	320,000	130,000	450,000
Bad Debt Provision					
Bank Charges	214,817	43,311	150,000	64,000	214,000
Landscapping and garden services	120,000	-	50,000	30,000	80,000
Communications - Cellphone	84,000	48,899	96,000	-	96,000
Communications - Internet & Telephone	120,000	32,869	120,000	-	120,000
Credit Checks	220,000	1,226	20,000	30,000	50,000
Depreciation	60,000	-	60,000		60,000
Motor vehicle expenses - Fuel	18,000	8,227	18,000	8,000	26,000
Motor vehicle expenses - Repairs	-	-	5,000	5,000	10,000
Institute Membership Fees	72,031	12,467	70,000	50,000	120,000
Insurance	217,579	105,155	243,688	240,000	483,688
Computer repairs	-	-	-	-	-
NHFC Repayment	7,908,000	1,390,321	3,360,000	-	3,360,000
IT Infrastructure and maintenance	-	5,911	90,000	-	90,000
Software Licences	31,743	17,031	40,000	36,743	76,743

Polokwane Municipality 2013/14 MTREF

DESCRIPTION	Approved Budget 2012/13	Actuals to Dec 2012	Ga Rena	C.R.U	Proposed Budget 2013/14
Postage & Courier	4,000	727	3,000	1,000	4,000
Printing and Stationery	93,800	12,861	63,000	30,800	93,800
Professional Fees	-	2,640	-	-	-
Rates and taxes(Ga Rena)	708,000	379,338	900,000	600,000	1,500,000
Office groceries	8,000	1,375	8,000	4,000	12,000
Refreshments & Catering Board	-	-	-	-	-
Rental - External Equipment	144,000	18,477	44,000	28,000	72,000
Security	360,000	272,082	624,000	420,000	1,044,000
Subsistence and Travel	50,850	20,928	80,000	20,000	100,000
Seminars and workshops	150,000	6,871	155,000	155,000	310,000
Tenant training	20,000	-	-	20,000	20,000
Safety clothing	16,000	7,478	30,000	18,000	48,000
Legal expenses	150,000	-	100,000	50,000	150,000
Valuation fees	100,000	41,040	100,000	50,000	150,000
REPAIRS AND MAINTENANCE	338,000	128,194	298,000	-	298,000
Repairs & Maintenance - Office	25,000	-	25,000	-	25,000
Repairs & Maintenance - Office Furniture & Equipm	5,000	1,810	5,000	-	5,000
Repairs & Renovations - Buildings Garena	300,000	126,384	240,000	-	240,000
Maintenance management- Garena	-	-	-	-	-
Repairs & maintenance - Vehicle	-	-	-	-	-
Repairs & maintenance - IT and Computer	8,000	-	28,000	-	28,000
TOTAL OPERATIONAL COST	15,610,584	4,571,716	11,878,218	2,332,833	14,211,053
CAPITAL BUDGET	136,000	3,500	40,000	48,000	88,000
TOTAL EXPENSES	15,746,584	4,575,216	11,918,218	2,380,833	14,299,053
SURPLUS/(DEFICIT)	146,068	3,683,637	3,369,892	-338,033	3,031,857

CAPITAL BUDGET	Council Approved Budget 2012/13	Actuals to Dec 2012	Ga Rena	C.R.U	Proposed Budget 2013/14
Furniture and fittings	80,000	3,500	10,000	30,000	40,000
Kithen utensils	8,000				
Computer costs	48,000		30,000	18,000	48,000
CAPEX without projet costs	136,000	3,500	40,000	48,000	88,000
TOTAL CAPITAL EXPENDITURE	136,000	3,500	40,000	48,000	88,000

Municipal manager's quality certificate



Office of the Municipal Manager

I, Constance T. Mametja, Municipal Manager of Polokwane Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

PRINT NAME

CONSTANCE T. MAMETJA

MUNICIPAL MANAGER OF POLOKWANE MUNICIPALITY (LIM354)

SIGNATURE

DATE

30 MAY 2013